The Magazine of Wall Street

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Dividend Forecast For 1930

100 Leading Rails, Utilities Motor and Accessory Companies Rated for Market Position

Vol. 45 No. 8

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WITH THE EDITORS

The Hand at the Helm

"THE course of the ship depends upon the hand on the helm." So a popular writer picturesquely emphasizes once more the importance of a personality to a corporation. Asset value, working capital, good-will and the intangibles by which we commonly measure the worth of an enterprise are as nothing if management is not of a high order. Though the physical tools of production be in the most skilled hands, without the inspiration, decision and the practical leadership of a guiding management, no company can hope to progress.

Consider the recent case of a certain soft drink manufacturing company, long established, financially strong, yet during the past five years, when all of its competitors doubled their sales and established a rising trend of earnings, this company with an excellent line of merchandise almost stood still. Why? Because of a conflict in management. A contest between opposing interests which robbed the company of the direction which was essential to its progress. False economies were instituted, advertising was curtailed, research discontinued, raw material contracts were disadvantageously assumed and the profit margin reduced thereby. As the usual consequence the stockholders were the losers, but it cannot be contended that they are the blameless sufferers. The record shows that aside from the actual constitutents of the opposing management factions the average shareholder played an inconspicuous, if any, part. They did not demand an accounting of the stewardship in which they had entrusted the future of the enterprise.

It may be argued with no little logic that responsible and capable management is a matter that is up to the stockholder. Perhaps it is not quite as simple as it sounds, but a control or even a selection of management by stockholders is not an impossibility. Every registered shareholder receives an invitation to at least the annual meeting, as well as a proxy; and what may be accomplished by the united action at these times or through the instrument of a proxy has been shown on not a few occasions during the past two years. Unsatisfactory officials have been discharged, directors have been supplanted and the stockholders have taken a part in the formation of broad company policies in numerous instances. This is a hopeful sign and it is to be desired that as non-voting stocks continue to fall in popular favor and are ruled off the exchanges, as they recently were by the New York Stock Exchange, that stockholders will continue to increase their activity.

If the investor is reluctant to assume an active interest in the affairs of the company to which he is to commit a portion of his capital for income or long range appreciation, then he should be deadly sure that the management of the enterprise is of the high standard which he believes it should be, before becoming a shareholder. By inquiry as to the personnel of the officers and the directors and reference to their other affiliations and a record of past accomplishments as well as the record of the company itself under their guidance, some appraisal may be made of the capability of those from whose hands we look for income and profit.

In the Next Issue

What is Ahead for the Copper Stocks?

What is the outlook for consumption of the red metal this year? Will present heavy stocks be reduced? How far must production be curtailed? *Can copper prices be maintained at current levels?* If they are cut what will be the effect on earnings of leading companies. These are the questions, vital to every investor in copper securities, which will be discussed in this feature.

Part II of the Annual Dividend Forecast

Presenting the outlook for dividend changes and market rating for leading companies in all important industrial groups.

The Magazine of Wall Street

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Publisher

Theodore M. Knappen
Associate Editor

Investment and Business Trend

Convalescent Business—Getting Poorer by Getting More—Lower Rediscount Rates—Dispensing With Essentials—The Market Prospect

CONVALESCENT BUSINESS

CONVALESCENT business is beginning to take a little exercise. And that is what it needs. It finds motion painful at first, but every pull on a sore muscle means less soreness tomorrow. It has little ambition but it is being compelled to function. The banks are beginning to feel the need of more action and less re-action. Commercial banks are being re-commercialized. As reports come in from the country at large it becomes more and more apparent that excessive banking caution, following the October-November stock-market smash, carried industry down to lower levels than the situation justified. Like their patrons, the banks having paid too little attention to straight commercial business and too much to investments and securities, found themselves—or thought they did—in the position of having to give still less to the former before they could do more. Commercial money is still too high. There is a lot of window-dressing in the talk about cheap money. It ought to be cheap, and it is cheap in the open market; but it is dear at the note-teller's window. There is much need of collateral loan liquidation for the good of the general business situation. Such liquidation would not be so good for the securities market. The outlook for a good building and construction year is promising. Steel output is growing, employment is gaining, January business was naturally well under the booming January of 1929, but the improvement over last December is generally marked, despite lowering commodity prices. Prices have not enticed buyers wary with the caution engendered by the disillusioning stock market catastrophe. A man who escapes injury in a railroad wreck loses his nerve. Business escaped the Wall Street collision, but what it saw shook its nerve. There is nothing wrong with business except that it is loath to get busy. Therefore it is not good. Look at the low-ebb car-loadings! It takes time for ambition to mount after a courage-shattering shock. On the whole, recovery is performing according to rule. It can't be forced from without. The impetus must come from within. It will come. It will be stimulated by the weather. The depression came with the winter, the winter accentuated it; progression will come steadily with the annual surge of life in the spring.

GETTING POORER BY GETTING MORE?

IN the age of direct barter if a tribe found it had more cattle and other desired goods at the end of a period of trading with a neighboring tribe it counted itself the richer by reason of foreign trade. Nowadays, trading by the intermediary of money, we count ourselves richer if

we receive less goods from the other tribes than we send them. We call the difference a favorable balance of trade! We confuse the medium of exchange with wealth. Just now France is depressed because it imported $330,000,000 worth more of commodities in 1929 than it exported—worried because it added that much to its material wealth. Yet England came to be the commercial colossus of the world with a chronically unfavorable balance of trade. The "unfavorable balance" was really an enriching balance. The world was simply paying its debts to England in the ultimate way of all debt settlement—the delivery of goods or services. A nation, no more than an individual, can live by eating and wearing coupons and dividend checks; it lives by food, clothes and shelter. Creditor nations collect their bills in the form of goods, although the individual computes his returns in tokens of paper and precious metal. A big adverse balance of trade may mean only increased national income. As our capital exports increase our goods imports will grow and individual consumers will count themselves better off. But without a doubt we shall think ourselves collectively rushing to ruin when we encounter a year in which we import more than we export. Money may not be the root of all evil but it is truly the root of much spurious economics.

LOWER REDISCOUNT RATES

THE reduction of the official discount rate of the Bank of France, while primarily intended to check the internal inflation that is threatened with that country's vast horde of gold, at the same time is symbolic of the striking changes in France's financial position within the past few years. Suffering from acute stages of capital starvation after the war and one of the last major powers to restore her currency to a free gold basis, France now holds the largest gold reserves in the history of the Bank of France and maintains the lowest official bank rate of any country in the world. Not since the Balkan War in 1912 has so low a rate as 3 per cent been posted by the Bank of France. Now this action comes as the climax of a flow of gold to Paris that has increased the gold reserves of the central bank by $350,000,000 during the past twelve months. The lower rate in Paris will make it easier for the Bank of England, which has been a heavy loser of gold to France, to lower its rate now standing at 5 per cent. Such a reduction would in turn pave the way for some downward revision of the rediscount rate of the Federal Reserve Banks.

DISPENSING WITH ESSENTIALS

A GROUP of great businessmen were met to consider the straits of their particular industry. At least a million dollars was in every chair; some of them bulged over with tens of millions. Not for near a decade had there been sc much need for mind in the production and distribution of their commodity. Yet about the only thing they were all agreed on was that they could effect an important minor economy by dispensing with research. "I'm going to get rid of the damned scientists," said the bellwether. "We waste too much time and money in getting together a lot of high-brow dope and deductions that we don't pay any attention to." Just as it used to be with advertising, and still is to a considerable extent, when business men are pressed for economies they are tempted to discard everything that is not related to immediate production and sales. In many sorts of business, advertising is an intangible thing. It can never be checked up absolutely, as the counters of inquiry coupons fondly believe. So, when the ship must be lightened, overboard goes the advertising appropriation—and everybody sighs with relief, except the advertising manager, who frequently is jettisoned with his goods. In prosperity a business can often succeed without the modern aids; but when adversity comes, the oft-regarded luxuries of advertising and research become the essentials to point the way out of the wilderness.

MARKET PROSPECT

STILL maintaining a highly selective character, the market leaders have worked up to a trading range within striking distance of the high prices attained in early December. The advance, if such it may be called, had a number of obstacles to overcome before reaching present levels. A series of sharp bear raids continue to be made on stocks which seem vulnerable to attack in such widely disassociated fields as the merchandising, chemical, public utility, communications and aviation industries. None of these drives have been really effective in disturbing the entire list and in most instances the bears have been spectacularly if not rudely ejected from their position. In fact much of the strength of the market during the past fortnight may be attributed to the forced buying by those short of stocks. While this short covering assists the general market in reaching higher ground, the price improvement is being accomplished at the expense of the market's technical position. A setback might temporarily correct this condition even though its severity should be tempered by the volume of small buyers who are awaiting precisely such an occurrence. The volume of daily transactions, while steadily increasing, is not as large as it was during the November-December rally, indicating that offerings are not being made as freely as was experienced on that previous movement. Price gains during the past fortnight have released further buying power for stocks. Public interest is beginning to revive at least to an extent that is bringing in new commitments from investors heretofore on the side lines. Credit is available to the market in abundant supply. In other words, there is considerable potential buying power in sight to carry the market along for the immediate present, possibly through the December peak. But the movement will continue to be highly selective in both its successes and its failures and the investor will do well to govern his selections primarily by individual investment merit, taking pains to avoid excessively priced commitments on the bulges of the current movement.

Monday, February 3rd, 1930.

Consuming Industries Hold the Key to Business

Part I—Automobiles

The Outlook, After the Show, for 1930

By C. Hamilton Owen

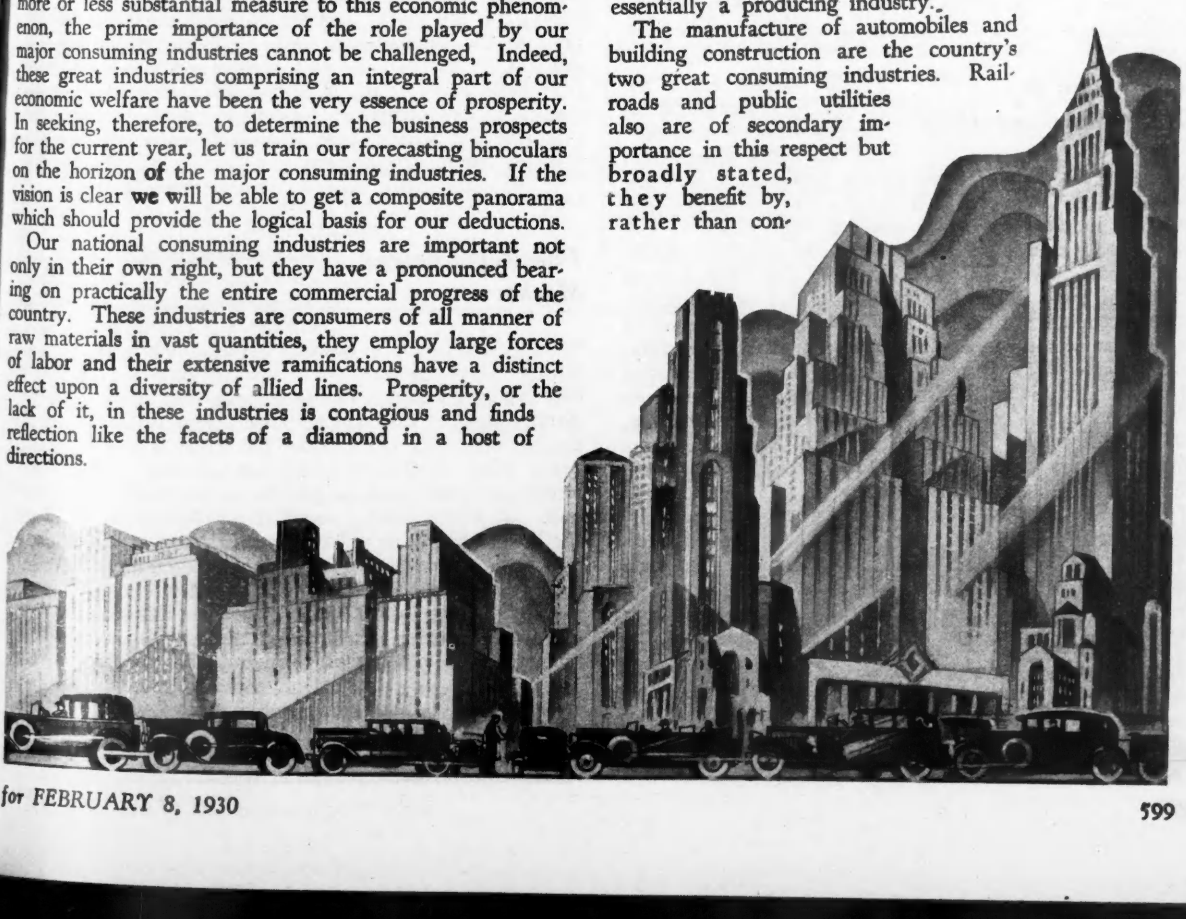
LAST year during the time when the stock market was making new altitude records almost daily and common stocks of every description were being bid up to dizzy heights, relatively little concern was apparently felt over the business prospect. The public frame of mind was not receptive to anything but prognostications of the most optimistic sort. Then suddenly the stock market went into a tail-spin. The tenor of public sentiment in its characteristic fashion changed overnight and became shrouded in gloom, manifesting itself in the general anticipation of a severe business depression. During the following months, "Prosperity" has been put on the economic operating table and subjected to a critical examination to find out if possible what "made the wheels go 'round."

Nearly everything from psychology to prohibition has been credited with being the motivating influence behind the last seven years of industrial and individual prosperity. While it is true that many factors have contributed in a more or less substantial measure to this economic phenomenon, the prime importance of the role played by our major consuming industries cannot be challenged, Indeed, these great industries comprising an integral part of our economic welfare have been the very essence of prosperity. In seeking, therefore, to determine the business prospects for the current year, let us train our forecasting binoculars on the horizon of the major consuming industries. If the vision is clear we will be able to get a composite panorama which should provide the logical basis for our deductions.

Our national consuming industries are important not only in their own right, but they have a pronounced bearing on practically the entire commercial progress of the country. These industries are consumers of all manner of raw materials in vast quantities, they employ large forces of labor and their extensive ramifications have a distinct effect upon a diversity of allied lines. Prosperity, or the lack of it, in these industries is contagious and finds reflection like the facets of a diamond in a host of directions.

It might be argued that all industries are a factor in the consumption of raw materials and the employment of labor. In a broad sense this is true, but for the purposes of this discussion, we are concerned primarily with those key industries which are of such essential importance as to have a marked influence upon business conditions in general. For instance, steel manufacture and agriculture are regarded as basic industries and rightfully so. Yet they only partially meet the requirements of this study. The steel industry consumes large quantities of iron, coal and power and provides gainful employment for a large number of individuals but actual conditions within the industry are not likely to have the same drastic effect upon as many other lines as the automobile industry, for example. The welfare of the agricultural industry also has a considerable bearing on many industries, but on the other hand it is not, relatively speaking, one of the largest consumers of raw materials and labor, being essentially a producing industry.

The manufacture of automobiles and building construction are the country's two great consuming industries. Railroads and public utilities also are of secondary importance in this respect but broadly stated, they benefit by, rather than con-



tribute to, industrial activity to the same extent that the automobile and building industries do. Both of the latter industries rank high not only from the standpoint of their productive value, but consume the products of other basic industries such as steel, copper, rubber, cement, etc., in substantial quantities. Together with their many complementary industries they absorb an important portion of the country's labor forces. It naturally follows then that a careful survey of the prospects for these two key industries should provide a well founded basis for calculating the probable trend of business as a whole. The developments in the building industry will be the subject of a detailed discussion scheduled to appear in the next issue. In this article we shall, therefore, concern ourselves with the current outlook for that other great well of consumption, the automobile industry.

The Automobile Industry

The automobile industry probably affords the most convincing example of the American genius for commercial enterprise and industrial efficiency and the manufacture of automotive products is unquestionably the best organized of our national industries. By virtue of its superlative success in developing both its domestic and foreign markets it has achieved prosperity to an extent heretofore unequalled.

The growth of the automobile industry in this country might properly be classed as one of the seven wonders of the modern age. In 1900 some 30 manufacturers produced 4,192 passenger cars, valued at $4,899,500 and in 1929, 4,586,000 passenger cars having a value conservatively estimated at $3,000,000,000 were turned out by about one half the original number of manufacturers. Even the hardened statistician accustomed to figuring in billions must acknowledge the impressiveness of these contrasts. Is there any doubt that the industry is a pretty large frog in our business pond?

Its Relation to Other Basic Industries

While we are still in the realm of statistics let us review some of the more salient items culled from the wealth of data supplied by the National Automobile Chamber of Commerce. In 1928, the automobile and affiliated industries are estimated to have provided employment for over 4,300,000 workers. Last year this figure was probably increased by at least 200,000. But a small portion of these jobs existed in 1900. Domestic manufacturers account for over 83 per cent of the total world production of automobiles and are credited with consuming 18 per cent of the total output of finished rolled steel in the United States, nearly 15 per cent of the copper production in this country, 28 per cent of the aluminum, 19 per cent of the hardwood lumber, 85 per cent of our rubber imports and 74 per cent of the plate glass output. In 1928, the industry required 47,000,000 yards of upholstery cloth, 18,600,000 yards of top and side curtain material and 15,270,000 gallons of paint and lacquer. Motorists use 80 per cent of the total gasoline consumption and in 1928 poured 415,000,000 gallons of lubricating oil into their engines. These statistical highlights further identify the extraordinary background and vitality of the industry.

Progress Plus

It is safe to credit automobile manufacturers with achieving a degree of production efficiency unsurpassed in any other industry. It has been responsible for the efficient development of mass production; it has successfully coped with high labor and raw material costs; it has made substantial gains in the foreign markets and its proximity to the maximum economy of operation cannot be equalled. The motorist too has shared heavily in the progress of the industry, continually receiving better values for his money whether he spent $500 or $5,000.

In achieving its present pinnacle, however, the industry has been confronted with many obstacles and today is in a position very similar to that of the average person who finds his responsibilities multiplying along with his income and property. Competition among domestic manufacturers has been of the keenest variety and only the fittest have survived. Those companies unsuccessful in capturing a part of the public fancy either by price or style inducements have found the pace too stiff and have long since collapsed by the roadside.

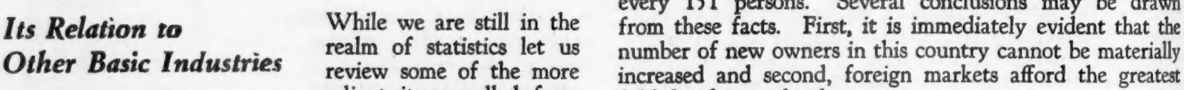
Productive Capacity

The industry has always had a surplus of productive capacity and as a consequence is continually confronted with the menacing spectre of over-production. Last year when all previous production records were broken, but little more than two-thirds of the rated capacity was utilized. Still, the ability of the industry generally to avoid the dangers of over-production is a glowing tribute to the ability and foresight of its executive leaders and to the spirit of co-operation which has prevailed.

More than three-quarters of all of the automobiles in the world are owned in this country and the American Motorists Association estimates the present per capita ownership to be approximately one car for every 4.5 persons. For the world, outside of the United States, the ratio at the beginning of 1929 was one automobile for every 151 persons. Several conclusions may be drawn from these facts. First, it is immediately evident that the number of new owners in this country cannot be materially increased and second, foreign markets afford the greatest field for future development.

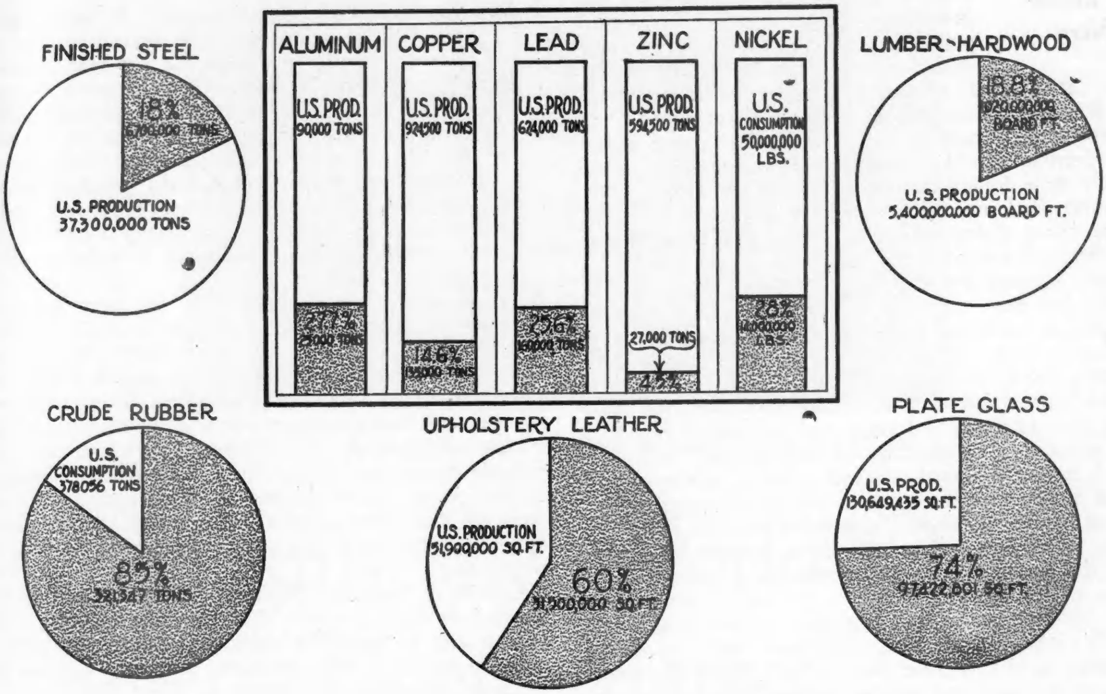
The Replacement Market

To conclude, however, that the American market has reached its saturation point would be erroneous. Prophets who have been viewing such a possibility with considerable alarm during the past several years have lived to see their predictions confounded. From the beginning of the present century until 1923, new-car buyers were the backbone of the industry. In 1922, under the impetus of the installment plan, 3,000,000 units were bought by new-car buyers and this class of purchasing established its peak level. In the following seven years, the number of new-car buyers has declined steadily, the trend in that direction having been particularly pronounced during the past four years, until it has been estimated that new-car buyers numbered only 500,000 in 1929. That the industry has prospered withal is attributable to the consistent gain in replacement demand, taking up the slack resulting from



The Automobile as a Factor in Other Industries

Shaded Portion Shows Consumption by Motor Car Industry



PRODUCTION

Cars and trucks produced in U. S. and Canada	5,651,000
Cars	4,846,000
Trucks	805,000
Production of closed cars	4,218,000
Per cent closed cars	87%
Wholesale value of cars	$2,952,900,000
Wholesale value of trucks	$531,000,000
Wholesale value of cars and trucks	$3,483,900,000
Average retail price of cars	$812
Average retail price of trucks	$877
Wholesale value of parts and accessories for replacements, also service equipment	$920,000,000
Tire production in U. S.	75,000,000
Wholesale value of rubber tires for replacement	$600,000,000
Number of persons employed in motor vehicle and allied lines	4,300,000

REGISTRATION

Motor vehicles registered in U. S.	26,400,000
Per cent gain in registration over 1928	8%
World registration of motor vehicles	34,700,000
Per cent of world's automobiles in U. S.	76%
Miles of surfaced highway	660,000
Total miles of highways in U. S.	3,016,281
1929 highway and street expenditures	$2,000,000,000
Total taxes on motor vehicles	$925,000,000

FOREIGN SALES

Number of American motor vehicles sold outside U. S.	1,015,000
Per cent increase in foreign sales over 1928	23%
Number of motor vehicles imported, 1929	710

MOTOR VEHICLE RETAIL BUSINESS IN U. S.

Total car and truck dealers	56,300
Public garages	51,200
Service stations and repair shops	95,800
Supply stores	76,600
Gasoline filling stations	320,000
Gasoline used by motor vehicles, 1929 (bbls.)	297,000,000

the ability of the new-car market to absorb but a small portion of the total output.

The average life of an automobile is between six and seven years and this fact is frequently used as a yardstick by manufacturers for mapping out production schedules based on the theory that owners of cars from six to seven years old are logical prospects for up-to-date model. In 1928 replacements constituted 53.2 per cent of total sales, new and multiple-car buyers took 28.8 per cent and foreign buyers accounted for the remaining 18 per cent. At this time the complete figures for 1929 are not available but it is a foregone conclusion that replacement and export demand gained perceptibly, while the number of new owners declined. The demand for replacements is easily the most important element in the current as well as the future outlook for the industry, for while manufacturers of course will continue to develop the export market, even the most sanguine of the industry's exponents must admit of many obstacles to be overcome before foreign countries can be expected to absorb a substantially greater portion of the present productive capacity. For the present the industry's greatest market is within the confines of our national borders. Likewise, its most serious problems are of domestic origin. What are these difficulties and what is being done to overcome them?

Risking repetition for the purpose of emphasis, let it again be stated that competition within the automobile industry and its many component phases is of the most intense character. Not only is the rivalry among manufacturers exceptionally sharp but the used car is also a formidable competitor in bidding for the patronage of the prospective buyer whether it is to be his first car or a replacement. The used car problem is one of the most acute with which the industry is confronted, more so than some of the others for it carries a double-barreled threat. In addition to being a competitive nettle, the used car may be

the cause of bringing about a serious crisis in the relationships between the manufacturer and the dealer.

The Dealer Problem

The ethics in dealing with the used car situation are largely responsible for the present situation and producers and dealers alike must shoulder part of the blame. It has been allowed to reach a critical stage and now demands the earnest attention of all concerned. At the present time there are 56,300 concerns engaged in the retail distribution of automobiles, trucks and parts. Presumably these dealers are responsible business men in their community holding their franchises by virtue of their merchandising ability and contacts. Certainly automobile manufacturers recognize the utmost importance in building up a compact and smoothly functioning dealer organization. Yet the manner in which dealers have handled the used car situation would seem to indicate that some of them at least, instead of being capable business men, are mere "babes in the wood." In all fairness, however, it must be recorded that the strong arm tactics of some of the manufacturers in forcing new car quotas have also been responsible for glutting the markets with used cars.

Each retailer is alloted a certain quota of cars to be sold and he must accept the terms of the manufacturer or risk the loss of his franchise, a possibility fraught with dire results. This means that in order to protect his investment, the dealer must go to extreme ends if necessary to dispose of his quota of cars . . . and he frequently does. He attempts to stimulate sales by making generous trade-in allowances which are oftentimes more than he can reasonably hope to sell the used car for. Either he accepts a loss or the used car remains on his hands indefinitely. Under such conditions, he finds that while he has been doing an increased volume of business his profits have dwindled if not disappeared.

Oversupply

It is impossible to definitely ascertain the number of used cars held by dealers at the present time but reliable estimates indicate a figure somewhere between 1,500,000 and 1,800,000. Add to this the 493,000 passenger cars in the hands of dealers on January first, an increase of 37.3 per cent over January 1st, 1929, and it is readily apparent that the distributing organization of the industry is burdened with a serious inventory problem. The main cause for the large increase in new car stocks, aside from over-production, is the wider diversity of color and body models. The dealers also have apparently borne the brunt of the adverse effects upon buying resulting from the demise of the late bull market and many will probably be forced out of business by frozen assets and lack of capital.

Manufacturers undoubtedly realize the seriousness of the situation and the stern necessity of providing immediate relief to one of the most important branches of the industry. Prompt assistance in the form of reduced quotas should be the first step and probably will be. Plans designed to assist the dealer in realizing more profits from his parts and service departments have been announced by a prominent company and several other large producers are expected to follow suit. Nevertheless, some solution to the used car problem cannot be avoided much longer and the ingenuity and progressiveness displayed by the industry in surmounting other obstacles in the past must be mustered and devoted to placing the trade-in situation on a sound basis.

Remedies

Educating the public to accepting at least 40 per cent depreciation on the value of cars in the first year, has been suggested as one of the means of overcoming excessive allowances. If this suggestion is put into general practice it will in all probability effect some curtailment in replacement demand. Owners would decide to "hang on the old bus" and well they might for the penchant of the American public to turn in its automobiles for new models every two years or oftener has sent many a car into discard still capable of giving thousands of miles of added service.

In some quarters obsolescence, or more properly, obsolescence as the motorist views it, is credited with being the life of the automobile industry. Taking its cue from the creators of feminine fashions, the industry has been extraordinarily successful in developing a succession of style changes and improvements which have made the older models conspicuously out of date. The self-starter, comfortable closed cars, balloon tires, four wheel brakes, increased power, more cylinders and new body designs are some of the better known refinements introduced into motor cars and which have made the policy of "trading in" so popular.

Charles F. Kettering, president of General Motors Research Laboratories, says: "The successful engineer is one who is able to make the public dissatisfied with what it already has." It is a question, however, whether the industry can continue to thrive on dissatisfied customers, powderful stimulus though it has proved to be.

Exports

Last year over a million American motor vehicles were sold outside of the United States. This represents an increase of 23 per cent over foreign sales for 1928 and substantiates not only the progress of the industry abroad but the growing importance of the foreign market. While export shipments will probably continue to register normal gains, no startling increase in the demand can be anticipated, at least for some time to come.

It is of course true that American automotive products are making a strong bid for the favor of foreign motorists, but there exist numerous handicaps, practically insurmountable at the present time, which will tend to retard any marked acceleration in export sales. The purchasing power of the average individual in Europe and elsewhere is much less than that of the average American and the present day automobile markets abroad are made up of the more prosperous classes. Domestic manufacturers must meet the competition of a number of well established foreign producers, turning out popular priced products and furthermore, there is considerable agitation abroad for protective tariff barriers. To what extent the establishment of foreign manufacturing units by American companies will offset these conditions is problematical at this time. The foreign market is not likely to be featured by any material increase in sales during the immediate future, particularly as dealers abroad entered the year somewhat overstocked, and exports can not be safely counted on

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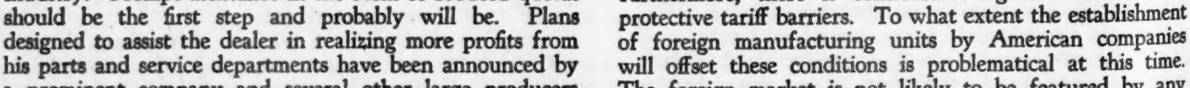

Courtesy, Amtorg Trading Corp.

International Tractors on Staten Island Dock Awaiting Shipment to Russia

Making the World Our Home Market

Why America Must Look Beyond Her Own Frontiers to Justify Future Expansion of Industry

By THEODORE M. KNAPPEN

THE stimulation of exports was one of the ways of meeting the temporary business recession recommended by President Hoover when he called the potentates of business to confer with him last November about the situation revealed and accentuated by the stock market collapse. But stimulation of exports is more than a first-aid treatment of limping business. It must henceforth become a chief concern of the American business world unless it is content to become relatively static.

Limits of Domestic Markets

Heretofore American business has been dynamic mainly because it had an ever-growing home market, due largely to an ever-growing home population. But the growth of population is slowing down, and the productivity of industry increases. We have curtailed immigration to a slowly trickling stream and the crop of babies gets smaller and smaller. In the domain of agriculture slackening population growth and increasing productivity have already collided head-on, with most disastrous results. Manufacturing is rushing toward a similar collision.

The number of births in the United States declines 50,000 a year, the net immigration is only 250,000. In five years, at this rate, the decreased number of births will offset immigration, so that then the total flow of population into the United States will be no more than the present annual number of births. At present the number of births is about 2,400,000, and the deaths 1,300,000; thus in 1935 the net annual increase of population will be only 1,100,000, as against an average of 1,500,000 for the last ten years. For the current decade the increase of population will probably not exceed 10,000,000, and in the next decade it may fall to 5,000,000.

Static Population

The immediate significance of these figures is that whereas during the past decade business had a population increase of more than 13 per cent against which to expand, in this decade it will have only about 9 per cent. The distant significance is that somewhere around 1950-60 our population will become stationary with a total of about 160,000,000. Contrast this era of decline in population growth with the expanding past: Between 1910 and 1920 the increase was 16,000,000 or 21 per cent; the decade before 13,000,000 and about 21 per cent; between 1890 and 1900, about 13,000,000 and nearly 26 per cent; between 1880 and 1890, 12,000,000 and 26 per cent; between 1870 and 1880, 7,000,000 and more than 26 per cent. For the preceding part of the nineteenth century

population increased at about 35 per cent a decade.

On the other hand, both productivity and production of industry are rapidly increasing. To go no further back than 1919 the productivity of agricultural workers has increased 25.5 and quantitative agricultural production 19 per cent. The quantity of manufacturing production in the same period has increased over 30 per cent and the productivity of workers 40 per cent.

Exports (nine months) from the United States to—

In Millions of Dollars

Country	1922	1927	1928	1929
Canada	409.4	629.1	678.9	739.5
Central America	32.7	54.8	59.4	67.9
Cuba	89.6	119.0	93.1	98.4
Argentina	68.3	119.4	125.7	164.0
Brazil	31.8	68.0	71.8	88.1
Chile	15.8	28.4	28.5	41.3
Colombia	13.5	35.9	41.5	39.5
Venezuela	6.1	28.0	25.1	34.0
Belgium	72.9	84.6	77.6	87.6
France	179.8	148.0	154.3	179.5
Germany	235.0	316.4	299.0	270.2
Italy	97.7	86.3	113.0	109.2
Russia in Europe	15.8	55.6	68.0	53.3
Spain	47.7	51.7	56.5	59.8
United Kingdom	601.8	598.4	548.9	590.1
British India	24.5	51.7	40.6	42.5
China	98.4	82.4	110.9	115.4
Japan	157.4	172.8	184.0	172.2
Netherland East Indies	5.9	24.1	25.0	36.5
Philippine Islands	31.7	49.5	56.7	64.9
Australia	57.1	123.1	103.5	115.1
New Zealand	13.5	23.9	27.1	29.9
British Africa	36.7	90.5	92.6	112.6

Production Demands New Outlets

So far as population affects total consumption of their goods, agriculture and manufacturing industry are increasing both production and productive capacity in the face of a home market that is beginning to approach a static condition. In the home market, then, the expansion of consumption in the future will depend upon increasing per capita consumption rather than growing population. But even that has its limits.

In the case of agriculture they have actually become shrinking limits in some respects, and have probably reached a stationary point with most products. For instance, the consumption of cereals in the United States has fallen from 310 to 230 pounds per capita in ten years. We are undoubtedly at or near the peak consumption of automobiles in relation to population, and there is scarcely an important American industry that can not easily overproduce in any year with respect to the home and present market.

Broadly speaking, we are at a relative standstill in industry. The only escape is to "home-market" the foreign world. We must reach the 1,800,000,000 people beyond our borders in a manner of facility of distribution comparable to what we have at home. As their present wants are obviously supplied after a fashion that means in the end that we must find ways to increase their wants; for in the long run, to take foreign markets away from other nations, wholesale, only means that our outlets in those nations will be reduced.

Increasing Consumption Abroad

Henry Ford is digging far deeper into practical economics than has been suspected when he starts out to survey Europe with a view to raising the standard of living, that is to increase the per capita consumption of its people. An increase of only $5 per capita in annual consumption of the thronging millions beyond our borders means a total annual increase of $9,000,000,000—which is not far from twice the total value of our exports in 1929, they being $5,250,000,000. It is true that in some parts of the world population is increasing, and in other parts there is room for a great growth of population. So beyond our own frontiers we have the prospect of a market that has potentialities of expansion both by the multiplication of the number of consuming units and an increase of the amount consumed by each.

On the other hand, it must be remembered that increasing exports mean increasing tangible imports. If we set out to raise the standard of living of the world by forcing the expansion of our exports, we must be prepared to consume more liberally ourselves than ever.

This fact presents serious difficulties, for our traditional economic policy has aimed at self-containment, and we are now confronted by the general adoption of that policy by many other nations. Germany and notably England, are nations that must import to live, must consume foreign goods in order to produce for the foreign markets that are and long have been absolutely indispensable to them, even to maintain their present populations. They are not afraid of imports as such. Generalizing broadly, we do not have to import in order to exist and we have an atavistic feeling that to buy abroad is to lose at home; but we must import, if we are to continue the expansion to which we are habituated, by the only possible way—the expansion of our exports. Without pursuing further the ramifications of the implications of that expansion of exports which seems to be essential to a continuation of the sort of prosperity that is based on growth—and that seems to us to be the only real prosperity—let us consider the field and the approaches to it.

Increasing Value-Static Quantity

Up to this time, despite their impressive absolute growth, there has been little or no increase in the relative size of our exports. Our exports of manufactured commodities are now seven times as large as they were at the beginning of the century, but the quantitative volume bears about the same proportion to domestic production as in 1900, and it is even appreciably less compared thereto than it was in 1914.

Our foreign trade has come to us; we have not gone to it. With a number of brilliant exceptions, there is nothing comparable in our foreign trade methods and expenditure of energy to the way in which our manufacturers pursue and develop trade at home. But while we can greatly increase our foreign trade by more or less high-pressure merchandising—as we are ephemerally doing at this moment of passing interest in it—the foundations of a mutually satisfactory and lasting trade must be laboriously and tediously laid. Our merchant marine must be strengthened and increased, our banking representation must be broadened and internationalized and we must turn commercial psychologists and delve deep into the problem of stimulating material desires on a world-wide scale.

The automobile industry, shying for years at the spectre of domestic "saturation" of its market, is pioneering the way that other industries will have to follow—and at the same time it is pioneering for all American industries. In the United States automobiles have compelled good roads, although the reverse is also true; but abroad, in large parts

of the world, good roads will compel the introduction of automobiles. So, while its individual units are carrying on abroad car selling campaigns that are as energetic and intelligently planned and conducted as those at home, the automotive industry as a group is selling good roads.

Transportation is trade and civilization; it is also domestic tranquillity and prosperity. The good road means (before it signifies more sales of motor cars and trucks) cement, steel, asphalt, bridges, culverts, engineers, engineering, capital and employment, road building machinery, gasoline, oil, provisions and miscellaneous supplies. In road building the Americans are the Romans of the modern world. To undertake a modern road in most of the undeveloped parts of the world and sometimes in well advanced countries automatically means outlets for American capital, materials, and machinery, engineering and construction.

Once built, the good road naturally buys motors, and on them new wants and keener desires ride into stagnant regions and listless populations. Then follow products from abroad in increasing flow. They come from many countries, but with the sturdy American car as pilot, visible pledge of the excellence of other American goods, American manufacturers will get their full share of new orders —if they are there to get them and are not waiting at home to take them.

Exports Follow the Dollar

When a man, even a savage, comes into possession of an automobile, he has just begun to buy —as, it might be cynically said, 20,000,000 American auto owners know only too well. For every dollar spent annually for automobile purchase close to fifty cents is spent for repair materials and replacement parts and accessories. But controlled transportation means a whole new world of desires beyond the car and its appurtenances. The automobile and the road, together, mean occupation and civilization of savage and barbarous countries.

The railroad and the steam locomotive opened up more than half of the North American continent to settlement and all it meant. The highway and the gasoline engine are doing a like job for Africa today. Nine times out of ten the gasoline engine and its carriage come from America, whether in Africa, Australia, Arabia, Siberia or South America. It is not too much to say that in the "conquest" of the backward or sparsely settled countries for American commerce the automobile industry is as truly a constructive pioneer as the covered wagon in its time, with the advantage that it is working methodically toward a clearly seen goal of national import, whereas the covered wagon stood for the ambitions and aspirations of thousands of individual men who were blindly marching to the westward.

Figuratively speaking, the road to commercial empire must be paved with gold. The ancient conqueror sought gold, the modern invader must bring gold. The merchant abroad must be both financier and manufacturer or go hand in hand with the banker. Behind them must march the investor, the capitalist. Capital is required everywhere to prime the new economic life of higher standards and larger and varied consumption. The fifteen billions of capital we now have abroad are but a drop in the bucket to what must and will be exported in the coming decades, if American business is to maintain the tempo that is its very soul.

At first thought there is much to support the rather popular idea that it is poor policy to send our capital abroad when there is so much that remains for it to do at home. But the fact is that the richest people, individually and collectively, that the world has ever seen are annually saving far more advantageously to themselves at home, than abroad. American capital invested abroad means more business for the capital that remains at home. We cannot await the slow accumulations and accretions of capital internally in the countries that are the objects of our commercial imperialism.

Trade Begets More Trade

Apprehension is sometimes voiced that our growing exports tend in the end to defeat themselves through gradually industrializing the countries that receive them. This thought seems especially applicable to machine tools that are used to manufacture the general machinery of production. All manufacturing machinery would seem to work to that end, so far as it means increased production by receiving countries of goods that they now import. Yet the most highly developed countries are our best patrons. The United Kingdom, Germany, France, Canada, and Japan lead the column of our largest buyers. There are some instances that give weight to the apprehension. For example, Argentina imported our shoe machinery and stopped buying our shoes. Czecho-Slovakia bought our shoe machinery and is now selling shoes to us. But our total exports to Argentina doubled while the shoe-trade was vanishing. The whole trend of the statistics of our foreign trade indicates that as a country develops industrially it buys more in toto than ever. In the boom period from 1922 to 1929 the U. S. experienced an enormous increase of manufacturing capacity, and yet its imports of semi- and finished manufactures increased 80 per cent in that period. The Philippines and British Africa have trebled their imports from us within seven years, Japan has added 80 per cent and Canada has about doubled in the same period. With Asia, the most populous

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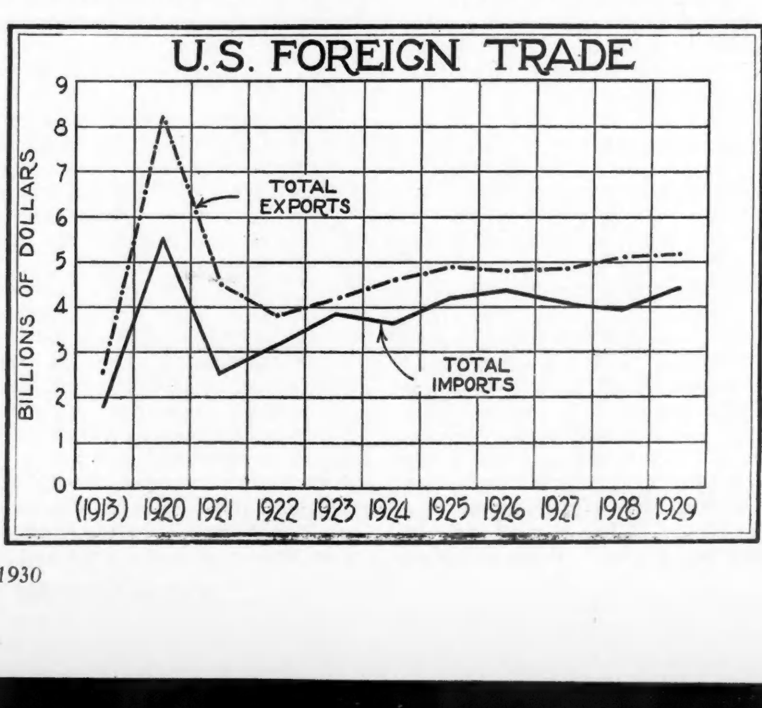
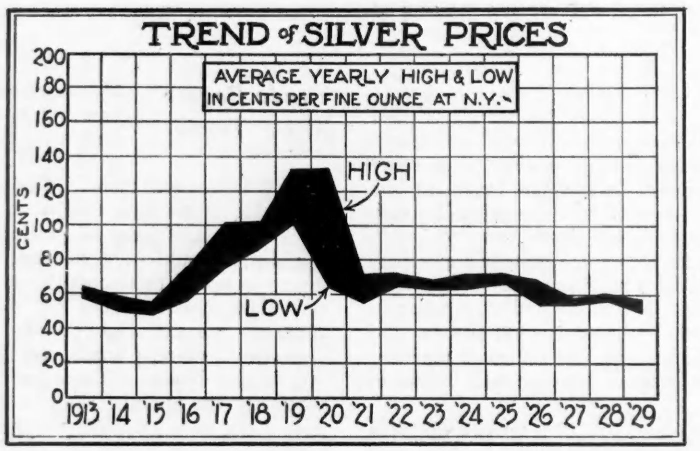


Is Silver Ceasing to Be a Precious Metal?

The Influence of Lowest Prices in History on Our Trade Abroad and Its Effect on Domestic Copper and Other Metal Companies

By John A. Crone



WHEN silver metal slumped six cents an ounce, or 12 per cent of its price ten days before, it not only reached the lowest level in history, but caused a crash in Shanghai taels, Hongkong dollars and Mexican pesos. It sent silver mining shares shivering—as it threatened a reduction of $40,000,000 this year in their gross revenues—and created anxiety among importers and exporters dealing with China, India and Mexico, for a change in purchasing power always temporarily affects trade trends.

Shrinking silver values, besides interesting holders of silver mine and silverware manufacturing company stocks, likewise attracted the attention of stockholders in copper, lead and zinc companies, for the white metal often is found with those ores, and evoked varying comments from economists, coin collectors and politicians.

What Caused the Decline

Factors presently forcing down this argentine metal are the selling of silver by India—now preparing to go on a gold basis—and the lack of buying from China, which two countries, in inverse order, are the greatest silver users. Back of these current bearish forces is the growing world tendency to view silver primarily as a commodity and only secondarily as a medium of exchange. This raises an interesting question: Is silver ceasing to be a precious metal?

This query, asked by economists seeking to solve a possible gold shortage problem, brought forth such collateral question as: What effect will lower silver price have on American mines, the world's second greatest producers of this metal? What will happen to our foreign trade with silver nations? Why is silver being regarded more as a commodity than a currency? What changes will be wrought in the monetary use of silver? What will silver arts and crafts do? What political policies will this crash provoke?

American silver miners, who received approximately $33,383,700 for their 63,000,000 ounces of white metal last year, felt the effect of the six cents an ounce drop in 1929 as they received $33,930,000 for 58,000,000 ounces of silver in 1928. Mining engineers estimate an average price of 45 cents an ounce in 1930 would result in a loss of $40,000,000 gross to the industry in this country, which does not include loss to American capital invested in silver properties in Mexico, Canada, Peru, Honduras and elsewhere, because the output of silver does not tend to decline with drooping quotations.

Effect on Mining and Metal Companies

This apparent economic paradox results from the fact that about 75 per cent, or more than 45,000,000 ounces, of silver mined in the United States last year was by-product metal. Actually only 26 per cent of the 1929 American silver tonnage came direct from silver ores, while 28 per cent came from lead, 27 from copper, and 19 per cent either from zinc, zinc-lead or other ores. In other words silver is a by product in the production of these baser metals and its output, therefore, is not as readily controllable as other nonferrous metals. The average price of lead, copper and zinc in 1929 was above the 1928 level. Silver mining's future, therefore, ties in with prospects for other metals. Copper output, despite present cuts—so the trade believes,—should remain high this year, but lead production probably will be less than in 1929 and zinc, by reason of its price trend, may be sharply curtailed.

Speculatively, therefore, siliceous ore producers should be hit most directly by the present slump, which carried silver here to its lowest price in 100 years, at 43½ cents

an ounce, with by-product mines next and refining and smelting companies third. Actually the debacle—which will affect 20 States in this country but most pronouncedly Utah, Montana, Idaho and Nevada, respectively — will pinch the small sole silver mine hardest, but the big companies with foreign properties, say Mexican mines, will suffer from labor laws compelling uneconomic employment.

Companies in the exclusive silver-producing class include: Bunker-Hill Sullivan Mining; Park-Utah, and Hecla. Those in the by-product division take in: Cerro de Pasco, which is the lowest cost copper producer in the world because of its high percentage of silver and gold in the red metal ores; Anaconda, Howe Sound and Phelps Dodge. American Smelting and Refining, American Metal and United States Smelting and Refining make up the third group of producers and custom smelters.

Effect on Gross Revenues of Leading Companies

	Oz. Silver Produced 1928	Estimated Decrease in Gross with Silver at Present Levels
Anaconda	21,242,051	3.0%
Calumet & Arizona..........	....	3.2
Cerro de Pasco..............	16,384,000	11.0
Howe Sound	3,338,527	5.1
Kennecott	....	*
Magma	1,110,367	5.5

* Silver production not reported—but affected through Cerro de Pasco holdings.

The lack of 1929 earning reports make estimates of declining gross revenues extremely difficult, and the effects on net profits virtually impossible, but the silver slump may cause a shrinkage of gross in the companies whose stocks are listed on the New York Stock Exchange somewhat as follows: Cerro de Pasco 11 per cent, Magma Copper 5.5 per cent; Howe Sound 5.1 per cent; Calumet and Arizona 3.2 per cent; Anaconda 3 per cent; Phelps Dodge 2.4 per cent and Greene-Cananea 1.6 per cent. It is not possible to make a rough estimate of the effect on American Smelting, United States Refining or American Metal.

Headlines in various newspapers such as: "Cotton Dips As Silver Slump Cuts Chinese Buying" and "Silver Slide Slashes Mexican Foreign Trade" caused the writer to ask Dr. Julius Klein, Assistant Secretary of the Department of Commere, about the trade effects of the silver crash.

After prefacing his remarks with the statement that many additional factors, aside from the drop in silver, constantly affect the foreign trade of India, China and Mexico, as well as the fact that silver is regarded primarily as a commodity and only secondarily as a medium of exchange, Dr. Klein said:

"Examine silver solely as a commodity, in the case of Mexico, it is a very important export commodity. In the case of India and China, silver is an important import commodity, on balance. In other words, Mexico's foreign trade—so far as concerns silver—is motivated by the need to sell silver, and when silver prices become low Mexico's purchasing power in international trade is adversely affected. How important silver is to Mexico may be judged from the following official export figures of that country: Total exports, including silver, 1928 — $188,700,000 gold; exports of silver alone — $42,200,000 gold.

"Of course our trade with China, which is strictly on the silver standard, will for the time being suffer. Shanghai motor-car importers, for example, must now use more of their silver capital to finance a given stock of motor cars. The individual purchaser of a motor car, furthermore, will now find the automobile more than ever a luxury. On the other hand, China's silks and teas can now be produced and sold more cheaply, and hence, presumably, exported in greater quantity.

"As to India, the Indian Government has since 1926 been committed to a policy of reducing its silver stock. At present India is on a 'gold bullion' standard, but it is working toward the gold standard. Whenever silver prices seem advantageous, the Indian Government sells silver. At times, in order to steady prices, it buys silver. While the Indian Government on net balance sells silver, the Indian bullion market on net balance consumes silver. Hitherto the silver rupees sold by the Indian Government have been sent to London for refining and then sold on the market. Indian bullion market purchasers have been supplied from London. In 1928 the Indian Government opened a refinery in Bombay and refined silver is now being sold and delivered in India. As India is, in effect, on the gold standard, no radical change in its foreign trade due to the drop in silver can be anticipated.

Another factor to be considered is that, of the world's stock of silver, a large part is locked up in the rural districts of China and India as a *store of value*. That silver is unlikely to affect world prices much in either direction, especially since political disturbances such as at present characterize both countries, give no immediate promise of cessation.

In the long run there is a tendency for nations to accommodate themselves to a permanent change in the gold-silver ratio. Therefore, I believe that America's total trade with Mexico, India and China will, despite temporary readjustment, not be greatly impaired."

Walter Palmer, leading Mexican silver producer, expressed American mining sentiment, when he said:

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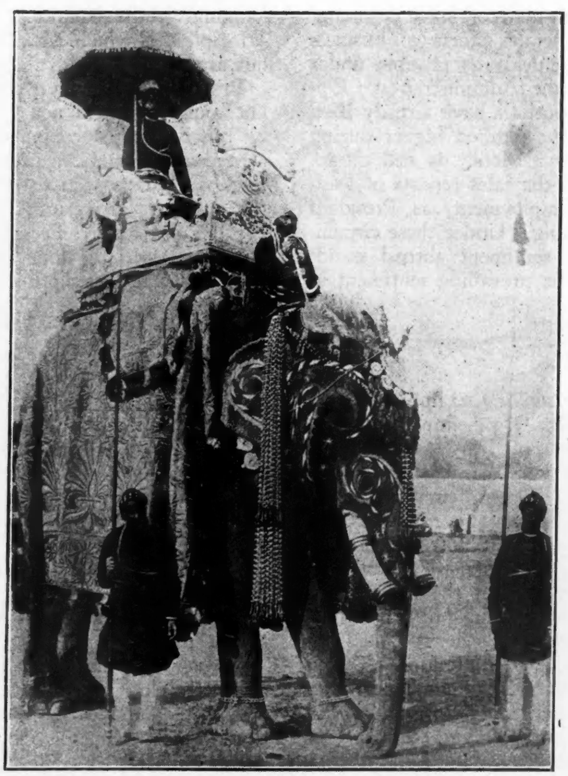


Lavish Use of Silver in India

Shooting Holes in the Prosperity Program

Professor Gustav Cassel, Spokesman for European Critics, Calls the President's Plan a "Mistake of the First Magnitude"

By Arthur M. Leinbach

EUROPE is frankly skeptical over the ability of the United States to stage an organized "comeback" from the recent stock market crash and accompanying industrial recession. Perhaps the wish is father to the thought, but nevertheless, foreign newspapers have been running a thin but steady stream of pessimistic sentiment ever since the decline in Wall Street last fall. Now that Uncle Sam seems to be getting to his feet before being actually "counted out," the foreign alarmists are predicting another topple more insistently than ever.

It is safe to say that little of this melancholic foreign opinion has come to the attention of the average investor in this country. Prepared to expect the worst during the darkest hours of the market break, investors have been considerably heartened by the deliberate efforts of business leaders to restore prosperity as quickly as possible under the instigation and direction of the Administration. Operations in a number of basic industries have already been accelerated. The market itself has worked higher during the first month of the new year. Money is still cheap. Purchasing power is sustained in the sales reports of leading merchandising concerns. Employment, as President Hoover recently reported, is gaining. Under these circumstances, the "It-Can't-Be-Done" sentiment abroad stands out in rather sharp contrast to the prevailing sentiment in the United States.

A Great Mistake

One of the most striking examples of the foreign point of view on this important question of the success of President Hoover's Prosperity Campaign is represented in the views of Professor Gustav Cassel, eminent Swedish authority on monetary questions and world credit. Avoiding the circumspect approach that noted economists usually make to grave problems of this nature, Professor Cassel states flatly that "the program of the President is to be considered a *mistake of the first magnitude*." Furthermore, he advances his reasons why he considers the efforts of the Administration doomed to failure. This is rather fortunate, not only in that it offers an opportunity to test the soundness of Professor Cassel's argument, but also because it introduces some important economic aspects to the latest of President Hoover's "noble experiments."

There is a bit of background that must be considered in studying President Hoover's Prosperity Campaign and Professor Cassel's criticism of the effort to restore prosperity by Government interference with natural economic developments. In the first place, the plan to have certain public improvements and some kinds of industrial expansion undertaken during dull business periods is not a new idea even with Mr. Hoover—and it was resorted to by other nations long before the President's time. As Secretary of Commerce, he had been advocating such practice for many years and applied it in a way in the crisis of 1921. But now as President of the United States he has the opportunity to put the plan to its first comprehensive test on an extensive scale, with the future prosperity of the nation hanging in the balance. It has been assumed that the principles on which Mr. Hoover's plans are being worked out are sound.

Professor Cassel says, however, that these principles are not sound and will not work. In this view he is joined by other foreign economists, all of whom are much concerned with American prosperity, postulating that the welfare of their respective nations will be vitally affected by the outcome. American business executives, on the other hand, say that the President's plans are sound and will demonstrate in the long run that industrial and business depressions are susceptible of control, if not avoidable.

Decreased Saving

After reviewing the plans that the American Government has evolved to prevent a serious business depression, Professor Cassel presents the kernel of his critique in the following sentences quoted from a statement in *The Journal of Commerce:*

"Apart from certain psychological considerations, the program of the President is to be considered a mistake of the first magnitude. It rests, first, upon an incorrect conception of the situation as it actually exists, and, second, upon an exaggerated idea of the ability of the Government in the premises. If success is attained in creating employment through the instigation of special construction, it is perfectly clear that the savings of the nation will be thus absorbed, and, in consequence, the amount of savings left for normal enlargement of genuine capital equipment will be decreased."

Thus the noted international economist rests his case on two primary points: one that the Government *lacks the*

ability to put the plan across and the other that the plan is economically unsound even if it does result in construction and employment. As concerns the ability of the Government to attain the immediate objectives, a good deal of water has gone over the dam since Professor Cassel first presented his interesting statement. Industrial leaders have rallied en masse to the President's standard and have pledged specific expenditures for improvement and expansion during 1930; railroads and public utilities are rushing new construction programs and technical improvements of their properties. States, cities and counties are joining the Federal Government in projects for improvements of public property.

While, admittedly, the President of the United States has no legal authority to enforce such activities other than work on Federal projects, the important point is that moral authority has been granted from a sense of mutual welfare and the program is going ahead. Under these circumstances, we must ask Professor Cassel to concede that, for better or for worse, President Hoover's prosperity campaign can become, and indeed is at this minute, operative.

Inadequate Reserves

If this gigantic machinery can be set in motion, as we see, for the purpose of grinding out national prosperity at a time when a business depression might otherwise develop, what will be the results? To this important question Professor Cassel answers: "Every effort in this direction, especially if it is made by the Government, must lead to a squandering of the essentially already inadequate reserves (of capital) and consequently to a weakening of the entire economic structure."

So, finally, we come down to the reasons why the Hoover plan to maintain prosperity is labelled a "mistake of the first magnitude" by so widely recognized an international financial authority as Cassel. We quote again in some detail from his recent statement:

"Government interference to enlarge plants and increase industrial equipment might possibly be a reasonable policy if a surplus of savings actually existed. The Hoover program appears to proceed upon the assumption that this latter situation actually exists. In his message to Congress, the President announced to the world that American capital had to an unusual degree been employed in stock market speculation and that the collapse of values in the stock market would free this capital and make it available to industry. The Government sees it as its duty, accordingly, to create employment for this large increase in available capital funds.

"Each step in this process of reasoning is a fallacy. Stock market speculation as such has never absorbed any capital and can never absorb any. In consequence capital cannot flow from the stock market back into industry. Finally there is at the present time little idle capital in America for which one has special anxiety to find employment."

Who Pays the Bills?

Here Professor Cassel argues the case with us humble citizens on terms that we are thoroughly familiar with in our own undistinguished way of looking at great economic problems. Who is going to pay the bills? he asks. Public works and private industrial improvements are a fine thing during periods of depression, he concedes, but where is the capital to come from to finance such projects? If this question can be answered satisfactorily, then Hoover prosperity is safe, Professor Cassel's criticism notwithstanding. If not, then at least we can conjecture what financial repercussions the nation is in line for during the current year, while the Hoover prosperity machinery is set in motion—a process that will drain capital from somewhere.

President Hoover said that this capital was to come out of the stock market, in his report to Congress following the market break and the inauguration of the Administration's plan to maintain prosperity. This position we must assume is not merely the personal views of the President but a statement made on the

(*Please turn to page 658*)

Things To

A GREAT mail-order house proposes to sell a hundred million dollars' worth of residences by mail on the easy payment plan. It will do it, too. And while it achieves success and builds houses all over the landscape the local material dealers will be complaining of unfair competition. What they really should complain of is brains, improvement and progress. They have stood by and seen the little-house buyer or builder loaded up, through excessive margins and inflated second mortgages with installments that he can not pay. Yet they couldn't see that people didn't want bricks or boards, but houses, so instead of tackling the problem of small-home financing and building they have seen the house market ruined by thousands of houses coming back on the hands of the vendors while the evicted would-be owners flee to flats. The mail-order house will build your house to order if you have 25 per cent of the cost and service and give you 15 years to pay off the 75 per cent, taking its profit mostly on the materials it supplies. The local building materials dealers can do the same thing, if they grasp the point that the modern way to sell is to give people what they want. The home-buyer wants a house, not a pile of bricks and a stack of lumber.

* * *

How Is It Done?

FRANCE reports an adverse balance of trade of $330,000,000 for 1929 and at the same time keeps piling up its imports of gold. Evidently the famous old stocking of the French peasant and bourgeois must be on the job again.

* * *

Oil Cuts and Mergers

DRASTIC cuts in petroleum output may offset the current tendency toward price cutting that is now more or less general in the industry, but the advantage will lie mostly with the large and completely intregrated companies. The small units in the industry, particularly those whose activities are primarily concerned with production and the sale of crude rather than with refining are placed in a highly unfavorable position. The situation will also give considerable impetus to the consolidation movement in the industry. Many mergers already projected will no doubt be hastened if smaller companies in uncomfortable straits can be acquired on favorable terms.

* * *

New Financing

THE past few weeks have witnessed a surprising volume of new financing on the part of some of the largest utilities, railroads and old established industrials. The total of new domestic issues for the week ended January 25th and the preceding week is far ahead of the corresponding period of 1929. And more is still to come, if the extensive plans outlined under Presidential urging are to be successfully financed. Moreover if the large proportion of bonds has any significance, it is indicated that bankers have faith in a more active and stronger market for the mortgage issues than they enjoyed last year.

* * *

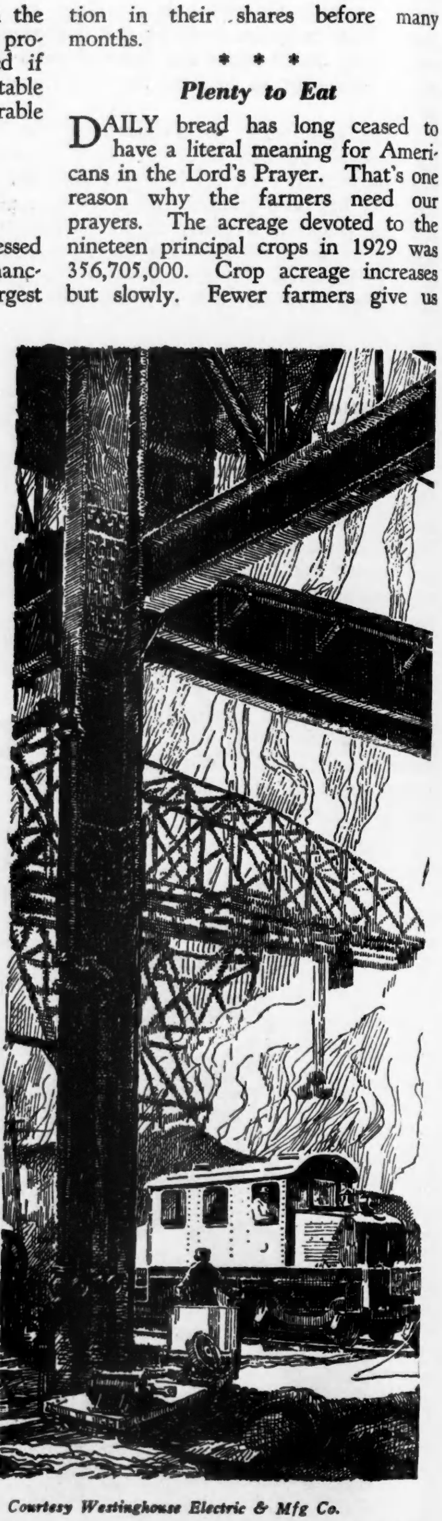
Rail Mergers and the Market

THE railroads apparently are fully cognizant of the fact that the next move in the matter of consolidations is up to them. The I. C. C. has put forth its plan, now it is the turn of the roads to say what they are going to do about it. While it is true that several of the great systems, notably those in the Southwest are not interested in consolidation, the executives of others, particularly those to whom the plan has already accorded much that they sought, are busily engaged in attempting to reconcile their plans with those of the Commission. The situation among the Eastern roads, with the B. & O., Van Sweringens and Wabash pointed toward close accord with the I. C. C. proposal, will bear watching by investors; while in the Northwest the possibility that Great Northern and Northern Pacific may segregate the Burlington properties in order to facilitate their own unification may also produce spectacular market action in their shares before many months.

* * *

Plenty to Eat

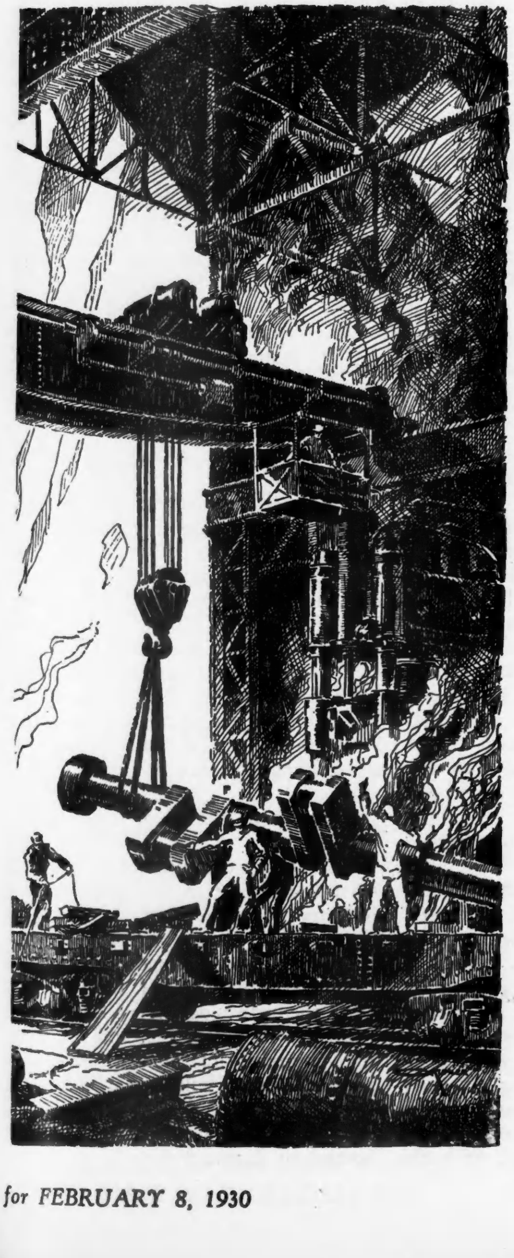
DAILY bread has long ceased to have a literal meaning for Americans in the Lord's Prayer. That's one reason why the farmers need our prayers. The acreage devoted to the nineteen principal crops in 1929 was 356,705,000. Crop acreage increases but slowly. Fewer farmers give us



Courtesy Westinghouse Electric & Mfg Co.

Think About

more food. If our population is to become stationary at around 150,000,000 or 160,000,000 we shall always have a greater agricultural producing capacity than the requirements of domestic consumption. Not a very bright outlook for the farmer. It looks as if we might always be an exporter of agricultural products. Economist Baker of the U. S. Department of Agriculture looks to China and its swarming millions for future markets. But what will the Chinaman use for money when he buys from us? He produces little that we need. Another way out is for the farmer to become more of an industrial producer. The farm may become more of a source of raw materials, produce more for the machine and less for the stomach. The human stomach does not grow and a declining birthrate threatens its growth in numbers. In the meantime the Farm Board is faced with the tough problem of persuading the farmer to produce less as it boosts prices. Something like overcoming the law of gravity.



* * *

Reporting Gold Movements

IF the flow of gold out of the country is resumed the stock market may prove somewhat sensitive to reports of its exodus. The lack of reliable information concerning major gold movements with a cloud of secrecy and mystery that breeds ugly rumors, however, is far worse than plain facts in such a situation. Alive to these realities, the New York Federal Reserve Bank has recently inaugurated a new policy of making a public report daily on gold movements, both the actual shipments of the precious metal and earmarking operations as well. Several of the large city banks have been notably reticent in the past in giving out information about their gold transactions, but the public need no longer be kept in the dark on an important matter during the intervals between the Reserve system's weekly reports.

* * *

Re-Equip!

WHILE industrial conditions are not particularly encouraging to expansion of production facilities, it is a propitious time for retooling and re-equipping plants. Many corporations have interpreted the Administration's urging for an openhanded policy in expenditures in this way, as already reflected in an improving volume of orders for machinery of all kinds and particularly electrical equipment. As the strengthening trend in business later in the year becomes more pronounced further gains by equipment manufacturers may be expected.

* * *

Stock Ownership

THE great increase in the number of stockholders ranging from 20 to 35%, reported since the "break" by the leading corporations of the country may be interpreted as a swing away from speculation toward bona fide investment. It doubtless represents not only the buying for more or less permanent holding of the shares of our industrial giants at the favorable prices at which they have been selling, but also a tendency on the part of those who bought them at higher levels to forget their paper losses, transfer the stock to their own name and await ultimate recovery. Such broad ownership as is now current is strong attestation of widespread faith in the ultimate destiny of American business and in the great organizations which move in its vanguard.

* * *

Progress in Russia

THE great experiment in government being conducted by the Soviets in Russia, which by all of our standards seemed doomed to failure, is certainly not holding back a considerable degree of industrial development in the country no matter what else may be said about it. As an example, the General Electric Company has been commissioned to build four electric generators that will be among the largest in the world with a rated capacity of over 100,000 hp. each. A single such unit is capable of lighting 700,000 homes or doing the work of more than 6 million Russian peasants. About 130 railroad cars will be required to handle the shipment from plant to steamer.

De-Pyramiding the Utility Companies

Complicated Capital Set-ups Being Simplified by Elimination of Intermediary Holding Companies

By WILLIAM KNODEL

The movement recently inaugurated toward simplification of the capital structures of public utilities is one of the most salutary developments that industry has experienced in a decade. Its importance to investors in bringing their interests closer to the actual property and assets behind their stock scarcely needs emphasis.

THE furore of the movement to acquire public utility properties by the large holding company groups over the past seven or eight years, has in many cases resulted in a complexity of capital structures and a pyramiding of intermediary holding companies which is little short of astonishing. Indeed, in this labyrinth of corporate entanglement the investor Theseus surely needs the guidance of Ariadne's thread to find his way out.

Back in 1900, the Rock Island Railway set-up, which imposed two holding companies upon the operating property, was considered a daring if not scandalous manoeuvre in high finance and one which subsequently toppled into receivership. But in the case of the public utility holding companies, the piling up of intermediary companies, either intact or in truncated form, has proceeded to a much greater extent than even in the notorious Rock Island prototype. Four, five and even more companies stacked one on top of another, and frequently interrelated in various ways to form geometric puzzles, are not uncommon in the utility holding company set-up.

Process Being Reversed

In the days of Cheops, pyramids were built to rest on the broad base, and with this strong foundation the structure was a monument of great strength and stability lasting throughout the ages. Not so in the utility holding company pyramid. Here the structure must be considered an inverted one, balanced on the apex rather than on the base, so that the forces operating on it are greatly magnified when considering the effect on the apex. The effect of a disturbance in the earnings of the operating properties on the ultimate holding company in a scheme of this design may readily be visualized.

It may be said at the start that the abuse to which this form of financing might lend itself for an ambitious and aggressive group to control huge properties with a comparatively insignificant investment of their own funds, is not nearly as true now as was probably the case some years ago. Then it was the rule rather than the exception that the controlling common stock of the holding company at the head of the procession of subsidiary and intermediary companies represented no actual investment by the banking or management firm owning it.

Concentration in the utility field with the minimum amount of capital investment was accomplished not by outright ownership or even control of the majority of the common stock of the operating company, but by setting-up one or more holding companies in series, the first one controlling the common stock of the operating company and each successive holding company controlling the common stock of the preceding holding company, with the common stock of the top holding company held by the bankers or management group. The process of superimposing holding companies can become a very involved one, but theoretically, at least, the more of these in the structure the less the investment necessary to hold control of the system of properties.

If carried out to the nth degree, with each intermediary holding company extensively financed by senior securities in the form of bonds and non-voting preferred stock, ultimate control may be held by an investment of relatively small dimensions. In fact instances may be cited to show where considerably more money was raised through the flotation of senior securities than the properties actually cost the bankers, netting them not only a large profit, but in addition permitting them to retain control of the properties through 100% ownership of the voting stock. With the end in view of limiting their investment still further, bankers and management groups have also in many cases employed the device of non-voting common or equity stocks in the capital structures of utility holding company systems.

Industry in Period of Transition

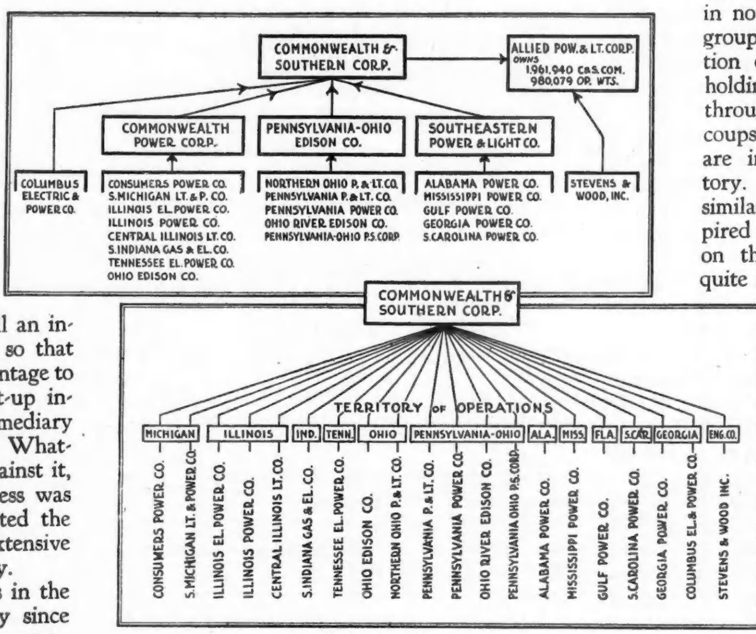
To obtain a true picture of what has been transpiring in the public utility industry over the past decade, it is necessary to assume a broad perspective from a point somewhat removed from the situation. If this is done, then the many details will blend together to form a whole, and the seemingly reprehensible finance indulged in by the industry will appear in a somewhat different light, although by no means will it justify particular instances of flagrancy.

In reality, the past few years have been a period of transition, marking probably the most important developments in the industry since its inception, and resulting in far-reaching changes. The outstanding achievement of the period was the formation of great electric power and light systems in the United States from the many formerly independent and isolated units located all over the country. Beginning with a slow coagulation of the smaller units into larger systems right after the post-war period of readjustment, the movement rapidly gained momentum until most of the desirable properties were included in one or another of them. Then, about two years ago, there was inaugurated an era of even greater concentration through the merger, consolidation and alignment of large and extensive holding companies into super-systems.

Throughout this whole development, the competition among the various banking and management groups for properties and systems was extremely keen. The scramble for control necessitated "catch as catch can" financing, and with as small an investment as possible, so that it was really an advantage to establish a capital set-up involving several intermediary holding companies. Whatever might be said against it, the method nevertheless was effective as it permitted the building up of extensive utility systems quickly.

The era of mergers in the public utility industry since the post war period is a perfectly logical development, and analogous to the events that occurred in the transportation industry a half a century ago. At that time there were more than 500 individual railroads in existence in this country, but most of them traversed only a small area and served thinly populated sections. Operating expenses were high and duplication of routes in many instances rendered operations unprofitable. To overcome these handicaps, leaders in the railroad field at the time conceived the idea of unifying the various smaller companies into large operating systems serving whole sections of the country.

The value of these huge consolidations has been forcefully demonstrated by the high degree of operating efficiency of the leading railroad systems of the country. The success of the railroad combinations naturally has influenced other industries to consolidate so that the needs of the public may better be served, and at the same time assure themselves of increased revenues.



EVOLUTION OF COMMONWEALTH & SOUTHERN CORP.

Intermediary holding companies will be eliminated with ownership of operating subsidiaries being held direct by Commonwealth & Southern Corp. Mergers of several of the operating companies may follow later, resulting in further simplifying the set-up, which is modelled after the American Telephone & Telegraph Co.

Utility Consolidations Delayed by War

In the public utility field, the advantages of large and unified systems were recognized many years ago. Original plans for the vast consolidations that have already occurred and which will no doubt continue, were discussed during the early stages of the World War, but the advent of the latter and the deflationary period in 1920 and 1921, put a halt to all activities in this direction. Unification efforts were nipped in the bud owing to the unsatisfactory credit position of most of the major public utility companies. Faced by increasing costs and confiscatory rate schedules, utility men were straining their efforts to continue operations rather than paying any particular attention to expansion.

The recovery of the public utility industry subsequent to this period of stress was phenomenal. Credit conditions became easier so that companies could again finance their expansion requirements on a reasonable basis, but more important were the increases allowed in the rate structure which permitted the companies to earn a fair return on the property investment. Companies which verged on the border of bankruptcy nine years ago following the deflationary period, grew into systems of enormous proportions.

The movement gained ever increasing momentum, with the year 1929 witnessing developments in the industry which were without question the most spectacular in its entire history. In the Eastern part of the country, practically all the leading public utility systems and operating companies have been linked together in not more than five or six groups through the formation of several huge superholding companies, and through various market coups. Further alignments are imminent in this territory. Although nothing of similar magnitude has transpired in the Middle West nor on the Pacific Coast, it is quite likely that definite steps with this in view will be undertaken some time in the future.

The rapid economic growth of the country has made demands on the electric light and power industry of increasing magnitude each succeeding year. In fact, the relationship between the two may be considered symbiotic wherein the growth of each helps the growth of the other. The era of big business has really made necessary the development of huge electric power and light systems not only for reasons of economy and efficiency, but to be able to supply the enormous demands from industry. Large systems unquestionably permit a higher type of administration both on the business and on the technical side at lower cost. Through the con-

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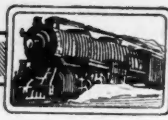
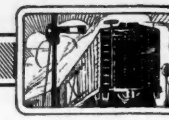




WABASH RAILWAY

The Heart of the Fifth Trunk Line

New Consolidation Outlook Places Wabash in Attractive Investment Position

By Pierce H. Fulton

"WHATEVER they do, they can't take my Wabash."

This statement was made to the writer by the late George J. Gould, with his back figuratively and literally to the wall.

It was 6 o'clock at night, a late hour for a man of his prominence in the business and social worlds to be at his office at the upper edge of the financial district of New York City, popularly known as Wall Street.

The day had been a hectic one for Mr. Gould and his intimate business associates. With their lawyers they had been busy from morning until night in the preparation of receivership applications for Wheeling & Lake Erie and Wabash-Pittsburgh Terminal (now Pittsburgh & West Virginia). Both then were Gould roads.

It was following admission by Mr. Gould that the two receiverships were imminent that he made the defiant statement with which this article starts.

"They"—the bankers—did get his Wabash, as they did all the other railroads left him by his father, Jay Gould, railroad wizard and stock market manipulator of 30 to 40 years ago, except those that he himself had sold. The Wabash, along with Missouri Pacific, Texas & Pacific, and several others, went into receivership while still in George Gould's hands. The bankers got control as they reorganized the properties.

A New Wabash

It is a far look from the Wabash of which George Gould had control and operated quite indifferently by mail and telegraph from his office in the old Western Union Building at 195 Broadway, more than a quarter of a century ago, to the Wabash of today, with which we are to deal in this article.

Principal Railroads in Proposed I. C. C. Wabash Grouping

Wabash Railway
Lehigh Valley
Norfolk & Western
Seaboard Air Line
Wheeling & Lake Erie
Pittsburgh & West Virginia
Western Maryland

Then it was a weak, poorly maintained road, earning nothing for its stockholders and paying only on an issue of debenture "A" bonds in addition to fixed interest on mortgage bonds.

Now it is a property with about the same mileage as then except for 293 miles of the Ann Arbor Railroad, acquired a few years ago. Its physical property is well maintained, operation is conservative but aggressive and security-holders are realizing the benefits of the sound reorganization in 1915. Dividends at the full rate of 5% a year are being paid on both the preferred "A" and preferred "B" stock outstanding. No dividends have been paid on the common, but they are expected in the not distant future. Certain interesting and important events may pave the way for them.

The Wabash has come to be one of the most talked about railroads in Eastern Territory. Control was sought and acquired several years ago by L. F. Loree and associates and sold later to the Pennsylvania Railroad, which placed the shares in the treasury of the Pennsylvania Co., one of its affiliated companies.

Wabash has attracted special attention by the aggressiveness of its management in intervening in various situations that have developed in Eastern Territory. Among the more prominent of these proceedings were the action brought against the Baltimore & Ohio by the Interstate Commerce Commission because of its purchase of working control of Western Maryland stock; the proposed acquisition of Wheeling & Lake Erie by Nickel Plate, the purchase of Buffalo, Rochester & Pittsburgh by Baltimore & Ohio from the Van Sweringens and a movement to reopen general hearings on railroad consolidation. In some of these intervening proceedings, Wabash was successful and in others it was defeated.

Heading a Newly Proposed System

Early last year Baltimore & Ohio filed with the Commission a merger plan in which it asked for authority to buy control of Wabash. The latter responded by filing a plan of its own in which it sought to take over Lehigh Valley, Western Maryland, Pittsburgh & West Virginia, Wheeling & Lake Erie and several small companies.

The I. C. C., in its plan for placing the railroads of the United States into 19 geographical groups, did the very thing that the large Eastern systems—except possibly Pennsylvania—did not want, by setting up a fifth system with the Wabash at its head. The Commission went still further than the company in its plan and included Norfolk & Western, control of which has been owned by Pennsylvania for many years, and also Seaboard Air Line. This Norfolk & Western stock, as

that of Wabash and Lehigh Valley bought by Pennsylvania Railroad, is held by Pennsylvania Co., now only a holding corporation.

The foregoing furnishes a brief outline, roughly drawn, of Wabash, "up to now."

One other recent event of special importance to Wabash stockholders, and which may have much to do with the immediate future of the company, should be mentioned at this time. Reference is made to the decision of the United States Supreme Court, on January 5th of this year, in which it denied the claim of preferred "A" stockholders that they should be paid about $16,000,000 in dividends alleged to have been earned, but which were not paid, during the years 1915 to 1926 inclusive.

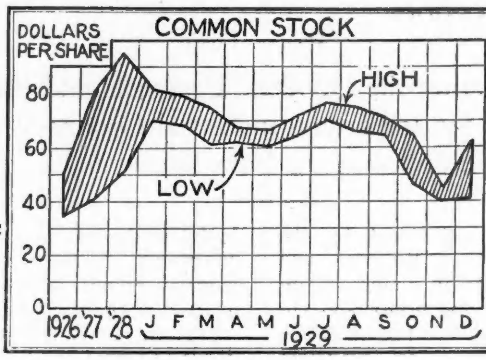
The objecting preferred "A" stockholders had maintained that such dividends should be paid before any disbursement was made on either preferred "B" or common. In this contention they were supported temporarily by the Circuit Court of Appeals, which granted an injunction restraining the payment of dividends on the "B" stock until "accumulated" dividends on preferred "A" had been paid. The strange feature of this decision and the contention of the objecting preferred "A" stockholders is that the preferred "A," and "B" for that matter, was issued as a non-cumulative stock.

Dividends Resumed on "B" Shares

The decision of the United States Supreme Court dissolving the injunction of the lower court, immediately paved the way for the resumption of dividends on the preferred "B" stock. Dividends on the "A" shares were resumed May 25th, 1925, and have been paid regularly since. Wabash directors lost no time in ordering a disbursement to "B" shareholders. Only three days after the decision of the Supreme Court was made public, they declared a dividend of $10 a share. It covered the full dividend at the rate of $5 a share for both 1928 and 1929. As at the same time the regular quarterly of $1.25 a share on preferred "A" was also declared both classes of preferred stock are on the full dividend basis again.

Earnings Outlook

What holders of the common want to know is when dividends are to be begun on that issue. Wall Street is inclined to think that it will be rather soon. This expectation is based on several features of Wabash's position. In the first place, its earnings have been extremely good. They represented a record for the first eight months of last year, or to August 31st. It was estimated after the figures for that period were made public, that if the same rate of increase could be maintained in the last four months of the 1929 fiscal period, net income for the common for the full year would be about $7.30 a share.



Latest Wabash Railway Earnings

Net Income for 1929 Equal to $6.39 a Share on Common.

December:	1929	1928
Operating Revenues	$5,355,508	$6,214,463
Operating Expenses	4,086,279	3,968,637
Net Railway Operating Income	735,392	1,625,835
Gross Income	1,095,339	1,771,361
Net Corporate Income	501,380	1,150,209

From Jan. 1 to Dec. 31, 1929:		
Operating Revenues	*76,632,974	71,072,991
Operating Expenses	56,275,423	52,411,568
Net Railway Operating Income	13,251,591	11,950,039
Gross Income	15,174,478	13,585,895
Net Corporate Income	7,854,404	6,401,277

* Includes $386,761 back mail pay.

This has proven to be too optimistic an estimate, because of the falling off in earnings during the last three or four months of the year that was common to all the carriers of the United States. Wabash kept up remarkably well, however, as for the September quarter it showed $3.21 a share earned on the common. The company reported surprisingly large earnings in comparison with many other roads, both in and out of this territory, for October and November. Net income for the first eleven months of the year was equal to $6.10 a share on the common compared with only $2.94 for the corresponding period of 1928. A loss of $275,000 in net income in November brought the return per share down from $6.20 for the ten months to $6.10 for the eleven months' period. But official figures for the full year are equivalent to $6.39 available for each share of common. All earnings on the common are figured without reference to the participating features of the preferred issues which are not operative unless some dividend is paid on the junior issue.

There are possibilities that may enable the company, if earnings are reasonably good during 1930, to make a still better exhibit for the common this year.

First, preferred "A" is entitled to 5% dividends a year and then shares, dollar for dollar, with the common, when the junior issue has been paid $5 a share in any one year. This dividend is non-cumulative.

Preferred "B" is convertible on a 50-50 basis, into preferred "A" and common. Up to December 31st, 1928, the last date of which official figures are obtainable, $47,373,458 preferred "B" had been converted, leaving $2,462,142 of that issue outstanding.

Preferred "A" and "B" stock are callable at 110.

Before the Wabash goes much further with consolidation, it would seem desirable to get rid of both issues of preferred. Conversion of the "B" shares into preferred "A" is the more desirable now that the dividend status of that stock has been definitely decided by the United States Supreme Court. Conversion into common stock naturally would be more desirable if dividends were being paid, at an attractive rate, on that issue.

If Preferred Issues Were Retired

It now takes $3,467,000 to pay the

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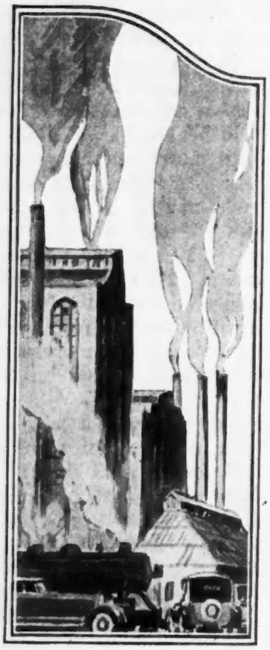
Dividend Prospects in 1930 for Leading Industries

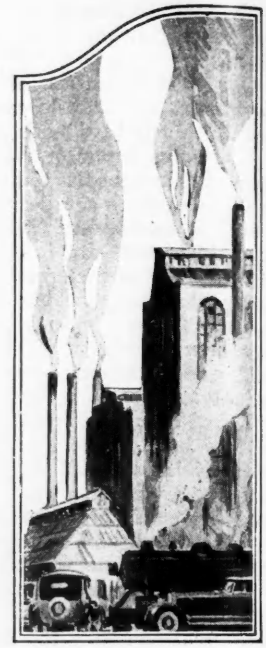


Part One

Railroads, Public Utilities, Automobiles and Accessories.

Part Two

Covering the Dividend Prospects and Ratings for Important Industrial Groups Will Be Published in the Next Issue.



THE semi-annual dividend forecast issued by the Magazine of Wall Street in February and August of each year has become an established institution. Thousands of letters attest the utility and enduring value which our readers find in this feature. As a matter of fact it is designed to serve as an investment guide, not only for the present but for several months to come.

This year the dividend forecast is perhaps more than usually important. The trend of corporate dividend policies is decidedly mixed. We have just completed a year of high activity in which corporate earnings fared well despite the depressing influences of the latter months. Dividends have been correspondingly liberal, the grand total of payments by leading rails, public utilities and industrials having established a new record. Dividend rate increases have been frequent.

Now, however, we are in a different situation. The trend of business activity has materially slackened, and cannot be expected to achieve really favorably proportions for some months, although some gradual improvement may be witnessed before that. Earnings in many lines will not be impressive for this, and probably the next quarter; and some dividend changes may be in order. Not a few companies increased the regular rate or declared extras immediately following the break in the stock market. In many cases where the company was one to be little affected by general business conditions, such benefits to stockholders on an earnings basis were eminently justified; in others this was not so true.

In any event sufficient changes are in prospect both for higher and lower dividends to warrant careful study of the position of stocks presently held or to be purchased.

In this issue we present the first section of our dividend forecast, covering the leading railroad, public utility, automobile and accessory companies including the power manufacturers. In the succeeding number we cover such industrial groups as steel, mining and metal companies, petroleum, railway equipment, machinery and industrial equipment, building equipment, farm equipment, chemical, foods and numerous miscellaneous specialty companies.

It seems desirable to emphasize the point that our ratings of dividend possibilities are intended to point out *possibilities* rather than *certainties*. Although statistical proof may be offered of dividend action that may be logically expected, there is always an element which can never be forecast in advance and that is the attitude of the management toward changes in the dividend rate. A company may be in a position to raise or lower the dividend, but such action, though inherently logical, may be postponed long after it might be expected in view of special circumstances that might arise and thus influence the management's viewpoint. In this dividend forecast, we have noted only the possibilities although such dividend action as presented should materialize.

The tables are designed therefore with an eye toward indicating dividend possibilities in the first place, and market possibilities in the second. These ratings are based on investment rather than speculative considerations, although the latter have been taken into account in special cases.

A-1 Should eventually be worth more on intrinsic value.
A-2 Sound investment holding with limited attraction on current price basis.
B-1 Issue has inherent merit but occupies speculative position at present.
B-2 Stock occupies uncertain speculative position.

Wherever the figures have been available, we have indicated the 1929 earnings, in other cases they have been estimated. Such estimates, of course, in the nature of things cannot be considered as exact figures and some allowance should be made for deviation from the figures to be ultimately published by the companies themselves.

Public Utilities in Strong Position

IN appraising the outlook for the public utility companies for the year 1930, it is helpful to turn back the pages of recent business history to a year which actually has had something of the current and prospective characteristics of 1930. That is to say, the present year will probably be one in which mild business depression will be experienced during the first part, with a substantial recovery and upward trend toward the close of the year. The most recent annual period which fits this description of part business stagnancy and part wherein activity is at a fair level was the year 1924. What do we find is the effect on the public utility companies of such a period?

In this connection it must be remembered that the electric light and power industry has never yet recorded a decrease in gross revenues over that shown the previous year. Steady growth is the inherent characteristic of the industry and for the period from 1921 to 1928 the average annual gain in electric output was approximately 12% over each preceding year. Even in a year of mild business depression such as 1924, the gain over the preceding year

Position of Public Utility Common Stocks

Company	Earned per Share		Price Range 1929		Recent Price	Dividend $	Cash Yield %	Market Rating	COMMENT
	1928	1929	High	Low					
American Tel. & Tel.	$12.11	$9.24(4)	310¼	193¼	220	9.00	4.1	A-1	Could increase cash dividend, but stockholders benefit from periodic offering of stock.
American & Foreign Power	1.22	3.43(1)	199¼	50	93	...	...	A-1	Earnings showing strong upward trend and company may place stock on dividend basis this year.
Associated Gas & Elec. "A"	2.15(a)	NF	72⅝	35⅛	42	2.40 or 10% stk	5.7	A-1	Present rate in cash, or 10% stock, will probably continue.
Brooklyn Union Gas	8.09	8.10(e)	248½	99	136	5.00	3.7	A-1	Present dividend earned by comfortable margin.
Columbia Gas & Electric	2.78	2.97(2)	140	52	78	2.00	2.6	A-1	Current cash rate will probably continue on increased number of shares after 25% stock dividend March 31st, 1930.
Commonwealth & Southern	0.58	0.75(3)	24¾	10	14½	0.60	4.1	A-1	Elimination of intermediary holding companies should aid position of common.
Con. Gas, El. Lt & P. of Balt.	5.49	6.31(3)	160	71	102	3.60	3.5	A-1	Could easily increase dividend in view of rising trend of earnings.
Consolidated Gas of N. Y.	4.52	5.00(e)	183¼	80⅛	105	4.00	3.8	A-1	Has recently increased dividend, and will probably continue this rate for 1930.
Detroit Edison	12.24	11.17	385	151	207	8.00	3.9	A-2	Dividend policy conservative, but no increase is probable just yet.
Electric Bond & Share	1.12	1.41(2)	189	50	84	6% stk	6.0*	A-1	Present rate of 6% in stock will probably be continued.
Electric Power & Light	2.37	2.79(2)	86⅝	29⅛	55	1.00	1.8	A-1	Higher dividend warranted on trend of earnings.
Engineers Public Service	1.60	2.36(3)	79⅝	31	43	1.00+ 4% stk	6.3*	A-1	In view of company's development program, present dividend of part cash and part stock will probably be continued.
Federal Light & Traction	2.85	2.94(3)	109	60⅛	68	1.50+ 4% stk	6.2*	A-2	No change from present dividend rate likely. Reported to be controlled by Cities Service Co.
Hudson & Manhattan	4.20	4.96	58⅝	34⅛	47	3.50	7.4	B-1	Dividend increased in 1928, but tunnel and later bridge competition affects longer range outlook.
Interborough Rapid Transit	8.64(1)	8.59(1)	66½	15	26	...	...	B-1	Political complications are chief influences affecting the stock.
International Tel. & Tel.	2.67	2.33(4)	149¼	53	66	2.00	2.9	A-1	Will probably increase dividend as earning power develops.
Louisville Gas & Electric "A"	2.88(a)	NF	72⅝	28	40	1.75	4.4	A-1	Could pay higher rate on basis of earnings.
Middle West Utilities	1.48	1.33(2)	51¾	18	28	8% stk	8.0*	A-1	Payment of dividend in stock recently inaugurated on split-up shares.
North American	4.51	4.95(2)	186¾	66½	97	10% Stk	10.0*	A-1	Earnings rising steadily, but no change in present style of payments expected.
National Power & Light	1.98	1.98(2)	71¾	23	34	1.00	2.9	A-1	Large margin of earnings over dividend, but present rate will probably be continued.
Pacific Gas & Electric	3.17	2.77(4)	98¾	42	54	2.00	3.7	A-1	Earnings warrant increase in dividends.
Pacific Lighting	4.23	4.77(2)	146½	58⅛	80	3.00	3.8	A-1	If earnings expansion continues at present rate, higher dividend is probable.
Peoples Gas, Light & Coke	11.36	11.97	404	208	225	8.00	3.5	A-1	Present conservative dividend policy will no doubt be continued.
Public Service of N. J.	3.51	4.26(e)	137¾	54	85	3.40	4.0	A-1	Dividend recently increased from $3.00 per annum.
Southern California Edison	3.09	3.50(e)	93¼	45⅛	58	2.00	3.5	A-1	Continuation of rising earnings trend justifies higher dividend.
Standard Gas & Electric	6.36	6.23(2)	243¾	73½	115	3.50	3.0	A-1	Present dividend covered by wide margin, and can easily be increased.
United Corporation	...	0.49(6)	75½	19	33	...	...	A-1	May inaugurate a small dividend on common this year.
United Gas Improvement	1.13	1.41	59⅝	22	36	1.20	3.3	A-1	No increase in dividend looked for in near future, but will probably do so later as earnings increase.
Utilities Power & Light "A"	4.95(b)	4.46(b)	58½	24⅛	33	2.00 or 10% stk	6.1	A-1	Present rate, payable either in cash or stock, will probably be continued.
Western Union	15.11	15.12	272¼	155	200	8.00	4.0	A-1	Dividend policy conservative, but could easily lift rate.

(a) On Class A and B shares (and/or Common) combined. (b) Applicable on Class A shares. (1) Twelve months ended June 30th. (2) Twelve months ended Sept. 30th, 1929. (3) Twelve months ended Nov. 30th, 1929. (4) Nine months ended Sept. 30th, 1929. (5) Twelve months ended Oct. 3rd, 1929. (6) From Jan. 7th to Dec. 31st, 1929. (e) Estimated. NF—Not available. * Yield on basis of stock or stock and cash.

was 6.5%. It may be said, therefore, that the only effect of a mild recession in business activity in 1930 on the electric power and light output will be a somewhat slower rate of increase.

The growth of the gas industry is perhaps a little slower than the electric branch of the public utility field, but here too steady annual gains are recorded. The manufactured gas business has shown an average yearly increase of 5.5% since 1921. The outstanding achievement in recent years, however, has been in the exploitation of our natural gas resources, notably in the South, Southwest, and on the Pacific Coast. A vast network of pipe lines is being constructed in the United States and before long many of the larger cities and consuming centers will be supplied with this type of fuel, or a mixture of natural and manufactured gas.

Last year, the public utility industry experienced its greatest and most spectacular year. Among other things, the vast mergers consummated particularly in the Eastern field and the many projected mergers, both rational and fantastic, contributed to the cause for the tremendous market activity in the common or equity shares of the companies engaged in this field. Prices of these stocks rose to levels bordering on the ridiculous—forty and fifty times the current earnings, so that when the day of reckoning came during the market collapse, the public utility shares were among the chief sufferers. These same stocks are now obtainable at prices representing fifteen to twenty times the current earnings. Considering the inherent growth factor of the utility companies, this price earnings ratio is an attractive one and indicates that the common stocks of most of the companies are in a reasonable position for price enhancement. A moderate increase in earnings is probable this year, and aside from further consolidations in the industry, the potentialities for higher dividend distributions are attractive.

Railroad Outlook Favorable

Consolidation Moves to Provide Market Action

REFLECTING the first and immediate effects of the stock market debacle upon industrial activity throughout the country, railroad traffic and revenue shrunk considerably in the closing weeks of 1929 and car loadings in the first weeks of this year reached the lowest level for several years past. This recession in carload shipments of the principal commodities, however, has in all probability seen its worst phases. In fact the first quarter of this year promises to come within six-tenths of one per cent of the car loadings in the first three months of 1929, according to expert estimates of freight requirements. Increases are looked for in some commodities while decreases are predicted in others.

The best that is hoped for the first half of 1930 is that somewhere in this period the turning point will be established whence earnings may again turn upward. For favorable conditions are expected to assert themselves again in the last six months of the year, although this recovery is not expected to carry total net income quite up to the level of 1929.

As the result of continued gains in operating and management, with large expenditures for roadway and equipment, the railroads are in excellent physical condition. So much so, in fact, that allowances for roadway are now declining and a larger part of the budget is going for equipment.

One disquieting element seems destined to continue. The constant yearly growth of taxes piled up an increase of $30,000,000 last year, an item that gnaws a big hole in savings effected by operating economies.

The downward revision of freight rates has continued in slight degree. The O'Fallon decision of last year, in that it raises the valuation of the railroads, should now tend to keep rates at least at present levels. But hope for a change rests in a case now before the United States Supreme Court, involving the right of the Interstate Commerce Commission to apply the "Hoch-Smith Resolution" to isolated commodity rates rather than to a general investigation of the entire rate structure of the country. So, if the decision, which is expected to be handed down shortly, is favorable to the railroads, their entire outlook would be improved.

Climbing taxes and sliding rates, that do not allow the railroads to earn within three-quarters of one per cent of the 5.75% that the Interstate Commerce Commission has declared to be a fair return in accordance with the 1920 transportation law, of course constitute an obstacle to increasing dividends. However, now that the consolidation schedule of the Commission has been announced, albeit running radically counter to the desires of a number of the leading railroad interests, further economies are possible.

Compliance with the segregation schedule into 19 systems will provide interesting consolidation activities which will find ample reflection in the market value of the shares. Publication of the Commission's plan, however, should serve to clarify policies, for a number of construction programs and dividend actions have been held up pending that announcement.

Aggregate dividends received by railroad stockholders last year were the largest ever paid. Regular payments were augmented by numerous increases and extras and by a few resumptions of long deferred payments, certain arrears and a stock dividend.

Further advances in the regular rates and a number of extras are warranted this year by the earnings and financial position of quite a number of roads. Already, one prosperous carrier, the Norfolk & Western, has placed its common on a 25% higher dividend rating, adding $2 to the $8 paid last year, and will probably still continue to pay extras.

And undoubtedly stock dividends and split-ups will be approved in more than one case. In fact, we expect to see an unprecedented use of common stock as the basis of capital changes this year. The Interstate Commerce Commission is held to look with favor upon split-ups involving reductions in par value, the Chesapeake & Ohio now having an application before that body to exchange four shares of $25 par value for the present $100 par stock.

Continued good earnings, despite the temporary slump in traffic, are also bringing other common stocks nearer to dividend status, so that all-in-all 1930 should prove to be satisfactory and profitable to the railroad stockholder, with aggregate cash distributions coming not far from the $500,000,000 mark.

Position of Railroad Common Stocks

Railroad	Earned per Share 1928	Earned per Share E1929	Price Range 1929 High	Price Range 1929 Low	Recent Price	Dividend $	Yield %	Market Rating	COMMENT
Atchison	$18.09	$25.00	298⅝	195¼	230	10.00	4.3	A-1	Could easily pay extras in accordance with former policy; earning power strongly entrenched.
Atlantic Coast Line	10.24	14.58	209⅛	161	170	†10.00	5.9	B-1	$3 extra dividend likely to be maintained.
Baltimore & Ohio	12.43	10.30	145⅛	105¼	117	7.00	6.0	A-1	No change likely until prospective merger developments have been digested.
Bangor & Aroostook	6.94	x8.47	90⅝	55	67	3.50	5.2	A-1	Strong expectations for advance to $4 annual rate.
Canadian Pacific	14.99	12.20	269⅝	185	200	10.00	5.0	A-1	Dividend appears safe as earnings should recover this year with return of wheat crops to normal.
Central of New Jersey	20.06	20.00	360	240	282	†12.00	4.3	A-2	No change in policy looked for.
Chesapeake & Ohio	24.43	x21.60	279¾	160	216	10.00	4.6	A-1	Upon I. C. C. approval of 4 for 1 stock split up, dividend expected to be $3 on new shares.
Chic. & Eastern Illinois	nil	nil	43	15	20	...	...	B-2	Ended 1929 with about 38% accumulated on preferred.
Chicago Great Western	nil	x nil	23⅞	7	15	...	...	B-2	Ended 1929 with about 55% arrears on 4% preferred on which $2.60 is likely to be shown against $1.93 in 1928.
Chic., Mil., St. Paul & Pac	2.81	0.45	44⅞	16	24½	...	...	B-2	Common dividend remote.
Chic. & Northwestern	6.62	8.50	108½	75	85	5.00	5.9	A-1	Earnings prospect justifies increase.
Chic., R. I. & Pacific	12.91	x14.04	143½	101	118	7.00	5.9	B-1	Uncertain earnings prospect likely to delay increase.
Colorado & Southern	11.27	12.60	135	86¼	85	3.00	3.5	A-2	Earnings justify higher rate.
Delaware & Hudson	12.38	13.50	226	141½	172	9.00	5.5	B-1	Segregation gives earning power uncertain status.
Delaware, Lack. & Western	7.77	8.00	169¾	120¼	140	7.00	5.0	B-1	Regular including $1 extra seems safe; anthracite uncertainty and merger possibilities complicate speculative outlook.
Erie	4.93	x6.04	93½	41½	59	...	...	B-1	Common dividends may be initiated late this year if earnings maintain their improvement.
Great Northern (Pfd.)	10.11	10.50	128¼	85¼	97	5.00	5.1	A-1	Earnings warrant advance to at least $6.
Gulf, Mobile & Northern	2.47	3.60	59	18	41	...	...	B-1	Arrears on preferred likely to delay common payments three or four years.
Illinois Central	8.94	x9.14	153½	116	130	7.00	5.4	A-2	Dividend increase unlikely for a couple of years, awaiting return to normal earning power.
Kansas City Southern	7.01	7.60	108⅞	60	80	5.00	6.0	A-2	Dividend advance unlikely before earnings stabilize.
Lehigh Valley	5.49	4.30	102¼	65	72	†4.50	6.2	A-2	Earnings prospect favorable, but repetition of $1 extra uncertain.
Louisville & Nashville	12.24	11.00	154¾	110	137	7.00	5.1	A-1	Resumption of earnings uptrend would enhance possibility of capitalizing large earned surplus.
Missouri-Kansas-Texas	4.61	x5.10	65¾	27⅛	54	...	...	A-1	Probable $4 rate held up pending results of 1930 first half.
Missouri Pacific	7.15	x10.42	101⅝	46	91	...	...	B-1	Pending plan to fund preferred accruals makes common payments possible within another year.
New York Central	10.86	11.40	256½	160	177	8.00	4.5	A-1	No change likely.
N. Y., Chic. & St. Louis	12.51	x15.50	192⅝	110	135	6.00	4.4	A-1	Higher rate fully warranted; may materialize following clear-up of consolidated question.
N. Y., N. H. & Hartford	8.00	x11.79	132½	80⅝	112	6.00	5.3	A-1	Marked earnings improvement presages continued dividend advance.
N. Y., Ontario & Western	nil	x nil	32	8	15	...	...	B-2	Payments remote.
Norfolk & Western	21.25	x29.06	290	191	230	10.00	5.2	A-1	Regular $8 rate just raised to $10. Extras will probably be paid this year.
Northern Pacific	8.52	8.70	118⅞	75⅛	85	5.00	5.9	A-1	May declare extras when unification plans remove restrictions.
Pennsylvania	7.34	8.40	110	72½	78	4.00	5.1	A-1	Rate may be raised this year to 9% level.
Pere Marquette	16.17	x13.93	260	140	160	†8.00	5.0	A-1	Earnings situation warrants raising regular $6 to $8 with additional extras.
Pitts. & W. Virginia	6.66	x6.89	148¾	90	118	6.00	5.1	B-1	Outlook uncertain, although consolidation in fifth trunk system may strengthen.
Reading	8.78	8.80	147¾	101½	124	4.00	3.2	A-2	Policy of ploughing back surplus into property indicates present rate likely to stand for few years.
St. Louis-San Francisco	10.88	11.07	133¾	101	110	8.00	7.3	A-1	Extras likely to be continued.
St. Louis Southwestern	4.67	x0.64	115¾	50	62	...	...	B-1	Dividends await stabilizing good earning power.
Seaboard Air Line	nil	x nil	21¾	9⅛	10	...	...	B-2	Payments remote.
Southern Pacific	10.48	11.40	157½	105	122	6.00	4.9	A-1	Pending merger adjustments, "rights" more likely than extras.
Southern Railway	12.53	x11.65	162⅛	109	136	8.00	5.9	A-1	Extra payments this year hinge on traffic developments in last half.
Texas & Pacific	17.57	x12.76	181	115	120	5.00	4.2	A-2	Earnings justify substantial advance.
Union Pacific	18.95	19.00	297⅝	200	221	10.00	4.5	A-1	Large extra distribution of some kind expected when market conditions favor.
Wabash	4.22	x5.68	81⅝	40	57	...	...	B-1	Common in favorable position for payments.
Western Maryland	1.60	x2.66	54	10	26	...	...	B-2	Dividends remote; merger prospects main attraction.
Western Pacific	nil	x nil	41⅞	15	24	...	...	B-2	Payments unlikely for several years.
Wheeling & Lake Erie	8.65	11.00	110	70	110	...	...	B-2	Arrears on preferred likely to delay payments for some time.

† Including extras. E—Estimated. x—Actual.

Position of Leading Motor Stocks

Company	Earned per Share 1928	Earned per Share 1929	Price Range 1929 High	Price Range 1929 Low	Recent Price	Dividend $	Yield %	Market Rating	COMMENT
Auburn	$10.77	$21.23	514	120	224	4.00+ 8% stk	9.8	B-1	Earnings have expanded rapidly, and company now has interesting possibilities in front wheel drive models. Dividend of cash and stock will probably continue.
Brockway Motor Trucks	4.53	2.41(1)	73⅝	14	14	...	...	B-2	Recently passed its dividend, but company still is in strong working capital position.
Chrysler	7.03	5.55(2)	135	26	36	3.00	8.4	B-1	No change in near future looked for, but if one is made, it will depend on trend of earnings during 1930.
General Motors	6.14	4.96(2)	91¾	33½	41	3.30	8.0	A-1	Recently distributed an extra of 30 cents per share, a method which will probably continue if earnings are maintained.
Graham-Page	0.47	0.65(2)	54½	7⅝	9½	...	...	B-1	No dividend likely for some time yet in view of company's somewhat uncertain position under intensified competition this year.
Hudson	8.42	7.26	93½	38	57	5.00	8.8	A-1	New 8-cylinder model has strengthened position of company, and earnings and dividend will probably be maintained.
Hupp	3.12	2.25(2)	82	18	23	2.00+ 10% stk	13.7	B-1	A change in dividends is probable in view of company's impaired earnings.
Mack Trucks	7.83	7.85(2)	114¾	55⅛	76	6.00	7.9	A-1	Company occupies strong position in truck industry. No change in dividend rate expected for some time.
Nash	7.62	6.60	118⅞	40	53	6.00	11.3	B-1	Keener competition and drop in business may force cut in dividend rate. Current position strong.
Packard	1.46(a)	1.68(a)	32½	13	16	1.00	6.3	A-1	New split-up stock recently placed on $1.00 annual basis, which will probably be maintained for rest of year.
Reo	2.54	1.05(2)	31⅞	10⅛	11	0.80	7.3	B-1	Unsettled trade conditions have caused severe decline in earnings, and dividend may be cut, or even dropped.
Studebaker	7.16	6.72(2)	98	38¼	44	5.00	11.4	B-1	Company has dropped payment of 4% stock dividend, and if current earnings are poor, cash dividend may be effected.
White	2.54	1.75(1)	52½	27¼	33	2.00	6.1	B-1	Dividend increased from $1 to $2 in October, 1929, but margin of earnings not greatly in excess of this higher rate.
Willys-Overland	2.09	1.10(2)	35	5¼	8½	1.20	14.1	B-2	New interests may lead company to greater prosperity, but immediate outlook suggests the dividend may be reduced.
Yellow Truck	nil	0.05(2)	51¼	7½	13	...	...	B-1	Still in development stage, with earning power to be established. No dividend for some time yet.

(1) Six months ended June 30th. (2) Nine months ended September 30th. (a) Year ended August 31st. * Yield in cash and stock.

Period of Readjustment for Motors

Uncertainties Prevail in Automobile Situation Which Invite Caution

THE ability of the automobile companies to pay dividends in 1930 will depend on the volume of business done by them and on the margin of profit. From the present outlook it appears as if the output of vehicles this year will be considerably below that of last year, estimated at 4,500,000 against 5,651,000 in 1929. With the industry geared for a high volume, the lower actual output will of course mean competition even keener than the industry has previously experienced.

The two largest factors in the industry, Ford and General Motors, expect to do from 50% to 65% of the total amount of the business and with tremendous resources at their command they are in the enviable position to make effective this intention. This, of course, leaves the remaining companies in a position where some of them will find it exceedingly difficult to make any profits at all.

A decidedly favorable influence, however, is the more rational attitude taken by the industry as a whole on the matter of producing more cars than the market can normally absorb, which was the case in 1929. Some of the low priced cars have been reduced in price slightly, but many in the medium price and high price field have been advanced. The higher per unit cost which will result from a curtailed output, therefore, will probably be more than offset by the increase in prices of cars, permitting the companies to operate on a higher margin of profit.

While the immediate outlook for the industry is not particularly optimistic, its very magnitude will no doubt carry it to another period of moderate prosperity after completing a period of readjustment. In the meantime, the prospects for dividend increases are somewhat remote and it is not unlikely that some of the companies will be forced either to change or reduce dividends or to suspend payments entirely.

Accessory Companies Face Smaller Volume

Diversified Companies in Best Position

SO unusually active were the first seven months of last year for the automobile parts and accessories industry that the slowing down of the last quarter failed to keep 1929 from establishing a new high record for production and sales, with profits for the most part showing gains. Quite a different aspect is presented this year, with a handicap at the start of the curtailment in automobile production carrying over from last year to bring about a probable net result of 15 to 20% less output for 1930.

It is much the same outlook, of course, for the tire industry although there we find some bright spots that give a foretaste of encouragement. The replacement business should be larger and with higher prices and a growing measure of cooperation among the leading interests and a disposition to bring production and inventories of finished goods into normal balance, this side of the industry should go through the year with excellent results.

Moreover, the trend toward larger consolidations, manifest last year, should tend to further stabilize the trade. The smaller companies cannot compete with the extensive advertising and sales systems of the financially powerful organizations and satisfactory profit margins cannot be maintained without volume production.

These developments are reflected in the dividend disbursements of the various companies: some passed their payments last year, some paid extras in cash and stock, and others so strengthened their financial position as to place their junior issues within the range of possible dividend action this year. Still others remain in doubt, payments being in order if earnings for the full year show a certain recovery.

It is predominantly a case of individuality in the auto parts and accessories and the tire industries. Those companies whose production is either diversified—to include the airplane and motor boat or the rubber goods fields, for instance—or under contract to supply the large volume automobile manufacturers will most likely show about the same substantial profits for 1930 that they obtained last year. The weaker companies will suffer from the highly competitive conditions that appear keener than ever. Discrimination and careful selection must be employed by the stockholder who expects favorable returns.

Position of Leading Tire and Accessory Stocks

Company	Earned per Share 1928	Earned per Share E1929	Price Range 1929 High	Price Range 1929 Low	Recent Price	Dividend $	Yield %	Market Rating	COMMENT
Briggs Manufacturing	$2.15	$1.50	63⅛	8⅛	17	...	...	B-2	Dividends unlikely while earnings remain uncertain.
Collins & Aikman	f1.85	f2.20	72¼	10	24	...	...	B-2	Earning power recovering, but unlikely to resume payments for another year at least.
Continental Motors	g1.02	x0.33	28⅜	6⅛	6½	...	...	B-1	May be expected to resume dividends as earnings recover since financial position is strong.
Eaton Axle & Spring	5.29	5.00	76¾	18	36	3.00	8.3	A-1	Dividend secure; extras possible late this year.
Electric Auto-Lite	8.60	12.00	174	50	98	6.00	6.1	A-1	Excellent earnings prospect indicates additional extras this year.
Fisk Rubber	nil	nil	20⅛	2⅛	4	...	...	B-2	Recovering earning power, but payments remote.
Gabriel Snubbers, Class A	1.64	nil	33⅞	5	6¼	...	...	B-2	Making strong efforts to regain earning power, but payments remote.
B. F. Goodrich	1.50	6.50	105¾	38¼	46	4.00	8.7	A-1	Expanding earning power likely to be reflected in extra payments.
Goodyear Tire & Rubber	7.31	9.50	154½	60	75	5.00	6.7	A-1	Earnings likely to be lower, but dividend should be amply margined.
Kelly-Springfield	nil	nil	23⅞	3	5	...	...	B-2	Uncertain earning power and continuing large arrears on preferred stocks put common payments far ahead.
Lee Rubber & Tire	g0.55	x1.62	25	5	8	...	...	B-1	Earnings improving, but payments likely to wait on further strengthening of financial position.
Marlin Rockwell	6.93	6.10	89⅞	30	40	†5.00	12.5	A-1	With profits expanding, regular $2 likely to be raised with liberal extras continuing.
Motor Products	19.10	12.60	206	36	62	2.00	3.2	B-1	Extra payments totaling $8 last year likely to be curtailed or regular increased.
Motor Wheel	4.24	4.50	55⅛	21	29	3.00	10.3	A-1	No regular rate; current quarterly payment may return to 50c of first 1928 quarter.
Mullins Manufacturing	6.53	x2.67	81⅞	10	18	...	...	B-2	Dividends, lapsed since 1921, await stabilizing of earning power.
Murray Corp.	3.29	2.00	100⅞	14⅞	22	a2%	2.0	B-2	Passing of current 75c quarterly dividend leaves 2% stock distribution on February 1st as perhaps only disbursement this year.
Spicer Manufacturing	6.46	6.00	66⅜	20⅛	30	...	...	B-1	If earnings stabilize, dividends may be resumed late this year.
Stewart-Warner	6.09	6.00	77	30	42	3.50	10.3	B-1	Last of 2% quarterly stock dividends, totaling 8%, on February 15th next; advance in cash rate likely to be deferred until next year.
Timken Roller Bearing	11.43	5.75	150	58½	75	3.00	4.00	A-1	No advance likely this year.
United States Rubber	nil	nil	65	15	26	...	...	B-1	Dividend resumption remote.

E—Estimated. † Including extras. a—All in stock. f—Fiscal year ended February 28th, 1929 and 1930. g—Fiscal year ended October 31st. x—Actual.

Well Entrenched Chemical Has Broadening Markets

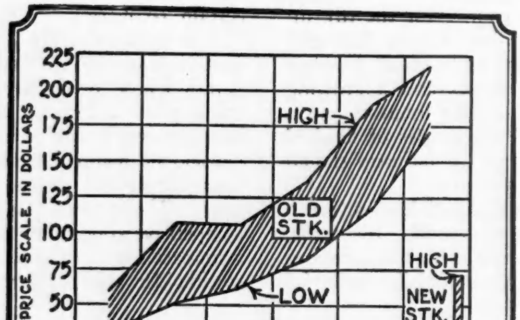
Capacity Being Expanded to Meet Growing Demand for Its Vital Products

By E. H. Baker

ENGAGED in one of the oldest and yet most rapidly expanding industries, producing basic commodities of important value to numerous other industries, the Mathieson Alkali Works, Inc., has developed into an aggressive leader in its distinctive field.

Formed nearly 38 years ago, the company has devoted virtually all of its operations to the production of alkalies and chlorine. Its products, however, are various and supply several branches of trade in substantial volume.

While for some time the company carried on the routine of an old line heavy chemical concern, it initiated about nine years ago an enterprising program of development including modernization of its plants, development of its raw material resources, utilization of its wastage, expansion of output and placing its distributing facilities on a more efficient plane. Several millions have been spent in this work and most satisfactory results have been obtained.



Wastage Turned to Profit

The most pleasing phase of this broadening of activities has been the comparatively recent perfecting of new processes of operation whereby materials formerly wasted are turned into new products at an unusually low cost and having a large, exclusive market. For example, synthetic ammonia is now one of the company's leading by-products. It is used extensively in connection with electric refrigeration and only two other concerns in the chemical industry manufacture this type of ammonia. Its market is constantly broadening.

Again, an innovation in another department has injected an important change. The company is the largest producer of liquid chlorine in the world. It entrenched its position further by patenting a multiple-unit type of tank car for shipping this yellow liquid which has entirely supplanted bleaching powder in the textile and paper industry and is being used more and more in a new process of oil refining. Of course, the company is not without severe competition in this field but it is meeting it with no little scientific ingenuity. For now, a new high test hyper-chlorite has been developed with properties that enable it to be shipped in greater concentration than the old chlorine products. Under the new process, a condensation as high as 90% can be transported through tropical climates without loss, whereas an allowance of one-third has been permitted for this loss heretofore. There is a wide sales field for this hyper-chlorite.

Like the other new products, this latest commodity will tend to increase the company's profits. And it is for the purpose of increasing their volume of production that the plant at Niagara Falls has been highly modernized and extended. Not one of the by-products at this manufactory but what is being utilized or marketed.

Newark Plant Sold

It was for the distinct purpose of pushing the manufacture of its newest product that the company accepted an attractive offer from a prominent chemical concern in St. Louis to take over its Newark plant where, under the name of the Commonwealth Chemical Corp., a fine chemical business was being conducted. However, the company pointed out that reinvestment of the proceeds from this sale would produce larger earnings than could be derived from a limited line of organic chemicals, when applied to enlarging the Niagara plant where the producing capacity was far from sufficient to meet the demand for the new product. The latter, also, had the additional advantage of consuming a large tonnage of chlorine.

The Niagara Falls plant is situated on a 15 acre plot alongside the New York Central line. It was formerly owned by the Castner Electrolytic Alkali Company which was merged in 1917.

The company has developed quite a little community on its extensive holdings in Virginia, where lie the extensive deposits of sodium chloride or commercial salt and limestone that furnish the raw materials for its products. There are about 10,000 acres of which about fifteen are covered by the plant

which has been virtually rebuilt and modernized with the installation of high pressure steam and power plants. Saltville comprises about 600 houses rented to the employes by the company which has also erected hospitals, hotels and general stores.

The deposits are estimated to contain more than 18,000,000 tons of high grade salt. The company's finished products include soda ash, caustic soda, bicarbonate of soda, anhydrous and aqua ammonia which are used in the manufacture of glass, paper, textiles, soap and chemicals, and sodium benzoate, benzoic acid, ethyl vanillin, sulphur dichloride and others.

Ten Million in Eight Years

The company already has in hand about $2,300,000 for the further improvement and extension of its plants and facilities to extend over the next four years. This sum was obtained by the issuance of 59,000 shares of common stock last September, the stockholders having been offered the right to subscribe to one new share at $40 for every ten shares held. The stock was then selling around 60. With the expenditure of this new amount, the company will have spent nearly $10,000,000 in about eight years for rehabilitation, mainly taken from earnings. The economies effected fully warrant these appropriations.

During the five years prior to 1929 the company's total income has more than doubled, and despite substantial allowances which it is the practice of chemical enterprises to reserve for depreciation, net income has likewise gained proportionately. Earnings for the year 1928 were $2,091,402, equal to $13.32 per share on the 147,057 shares of no par common stock outstanding. This was the sixth consecutive year to show a gain.

Net income for the first nine months of 1929 amounted to $1,726,900, equal to $2.66 on the 591,553 shares of common outstanding September 30th. This compares with $1,560,021, equal to $9.72 a share on 147,207 shares, or to $2.43 per share on the basis of 591,553 shares. The quarter ended June 30th of last year produced earnings of $610,697, equal after all charges and the preferred dividend requirements to 96 cents a share on 588,328 shares of common. These earnings were the largest in the history of the company.

Indications for the full year of 1929 are that earnings got well above the two million mark and were probably equal to about $3.30 a share on the 635,763 shares of common outstanding at the end of the year.

With earning power constantly ex-

(Please turn to page 657)

Preferred Stock Guide

NOTE: The following preferred stocks are listed solely in accordance with the current yield on each. The sequence of Guide, therefore, does not indicate a preference for one issue over any of the others. Readers should observe a proper diversification of commitments in making their selections from this list.

Railroads

	Div. Rate $ per Share	Earned $ per Share 1926	1927	1928	Redeemable	Recent Price	Yield %
Norfolk & Western	4 (N)	160.35	133.40	133.73	No	85	4.7
Union Pacific	4 (N)	41.17	39.85	46.32	No	82	4.9
Atchison, Top. & S. Fe	5 (N)	46.83	40.47	40.21	No	103	4.9
Baltimore & Ohio	4 (N)	48.41	38.44	49.44	No	80	5.0
Southern Railway	5 (N)	39.33	36.17	32.11	100	98	5.1
Pere Marquette Prior	5 (C)	68.77	64.08	75.60	100	96	5.2
N. Y., Chicago & St. Louis ...	6 (C)	24.65	20.31	17.68	110	109	5.5
Colorado & Southern 1st......	4 (N)	52.56	57.76	49.45	No	73	5.5
N. Y., New Haven & Hart. ..	7 (Q)	....	22.05	34.40	115	122	5.7
St. Louis Southwestern........	5 (N)	12.00	9.30	8.84	No	87	5.8
Wabash "A"	5 (N)	11.86	6.87	9.24	110	86	5.8
Kansas City Southern	4 (N)	10.86	9.04	14.01	No	68	5.9
Colorado & Southern 2nd.....	4 (N)	48.50	53.76	45.46	No	65	6.2
**St. Louis, San Francisco...	6 (N)	16.12	15.28	17.44	115	93	6.5
Missouri, Kans. & Tex.	7 (C)	....	13.06	16.34	110	105	6.7

Public Utilities

Public Service of New Jersey	8 (C)	§21.46	§16.28	20.92	No	150	5.3
Columbia Gas & Electric "A"	6 (C)	27.81	25.42	30.78	110	106	5.7
Philadelphia Co.	3 (C)	24.20	28.06	21.75	No	52	5.8
American Water Works & El.	6 (C)	22.63	24.30	31.05	110	102	5.9
Standard Gas & Electric	4 (C)	20.00	16.76	14.07	No	65	6.2
Hudson & Man. R. R. Conv...	5 (N)	40.32	40.70	37.02	No	79	6.3
Electric Power & Light	7 (C)	13.83	16.21	17.00	110	108	6.5
Federal Light & Traction ...	6 (C)	41.52	39.67	49.93	100	91	6.6
Continental Gas & Elec. Prior	7 (C)	16.41	20.46	24.45	110	102	6.9
Postal Tel. & Cable.........	7 (N)	....	....	7.19	110	102	6.9
Amer. & Foreign Pow. 2nd...	7 (C)	8.89	3.58	5.33	105	97	7.2

Industrials

Bethlehem Steel Corp.	7 (C)	20.84	16.32	19.16	No	126	5.6
Deere & Co.	7 (C)	23.22	25.74	29.52	No	119	5.9
Stand. Brands, Inc., Cum. A.	7	....	125.34*	123.40*	120	119	5.9
Baldwin Locomotive	7 (C)	29.42	12.21	1.66	125	116	6.0
Case (J. I.) Thresh. Mach....	7 (C)	29.39	38.48	32.59	No	115	6.1
Mathieson Alkali Works	7 (C)	67.86	74.06	34.50	No	115	6.1
American Locomotive	7 (C)	20.88	16.60	10.83	No	114	6.1
Brown Shoe	7 (C)	29.69	44.12	35.27	120	115	6.1
General Cigar	7 (C)	51.26	67.32	62.81	No	114	6.1
Bush Terminal Buildings	7 (C)	‡	‡	‡	120	112	6.3
Crucible Steel	7 (C)	26.19	22.47	22.54	No	110	6.4
Bucyrus-Erie	7 (C)	....	....	39.34	120	109	6.4
International Silver	7 (C)	24.39	30.82	27.48	No	110	6.4
Bush Terminal Debentures ...	7 (C)	16.81	18.88	20.55	115	107	6.5
U. S. Smelting, Ref. Mining.	3.5 (C)	6.25	6.28	8.43	No	53	6.6
American Sugar	7 (C)	14.08	7.97	14.60	No	106	6.6
General Cable Co.	7 (C)	27.69	25.72	25.92	110	106	6.6
Associated Dry Goods 1st ...	6 (C)	27.67	24.10	24.55	No	90	6.7
Glidden Co. Prior	7 (C)	23.91	32.69	32.69	105	101	6.9
Radio Corp. of Amer. "B" ...	5 (C)	....	....	5.36*	100	70	7.1
Goodrich (B. F.) Co.	7 (C)	18.96	39.19	10.36	125	99	7.1
Commerce Investm. Trust 1st.	6½ (C)	27.72	24.36	45.50	110	89	7.2
Tidewater Asso. Oil conv. ...	6 (C)	13.35	7.35	19.49	105	82	7.3
Goodyear Tire & Rubber	7 (C)	11.83	18.80	18.90	110	94	7.5
Spicer Mfg. conv.	3	58.54	74.42	26.00	57½	40	7.5
Otis Steel Prior	7 (C)	16.36	11.80	28.68	110	91	7.7
International Paper	7 (C)	11.31	7.42	4.53	116	80	8.8

C—Cumulative. N—Non-cumulative. § Earned on all pfd. stocks. ‡ Guaranteed unconditionally by Bush Terminal Co. ** Adjusted to basis of present stock.

* Six months ended June 30, 1929.

EDITORIAL PAGE

Building Your Future Income

An Informative Department On Estate Building

A Life Subscription

An unusual amount of interest seems to have been aroused among our readers by a recent article describing a self-sustaining budget created through investment in certain securities that would pay for one's living expenses. The plan was quite simple and thoroughly practical. Like most budgets, an allotment of current income was made for savings and investment. The author determined to use his savings in a manner that would ultimately provide enough funds to pay for each item in the budget.

In order to provide for his food bills, he invested in securities of companies in the food industry; his rent was paid by realty companies; his clothing by clothing companies. Thus he sought to protect himself from the inevitable changes in the cost of living. If prices should rise in the future, his companies would be able to pay more to shareholders; if prices should fall, his living costs in each item of the budget would be reduced accordingly. Many ramifications of the plan are now being worked out by readers to adapt the scheme to their own personal and family requirements

Realizing that the success of the plan rested largely on the selection of the right kind of investments, the author indicated a method whereby constant investment counsel would always be at hand, year after year, to guide him successfully in the most favorable investment paths. To guarantee this, he diverted a sufficient sum to provide an annual income for a subscription to this publication. The idea of a life guarantee of sound investment advice apparently interested other readers, but in the application of the plan certain difficulties were encountered.

Should they buy common stocks? Would preferred stocks be better and why is it that 7½ per cent preferred stocks have suddenly disappeared? What bonds would one recommend that would pay $7.50 a year on a $100 investment and what bonds of this class are available in such small units?

To answer these and other questions we are appending a list of a few bonds with a 7½ per cent coupon which are available in $100 units and which, while not of the highest rating are amply secured for the purpose.

Bonds That Pay $7.50

Name	Price
French Government 7½s, due 1941....	119
Cuba R. R. 1st & ref. "A" 7½s, 1936	99
R. G. Kinney convt. 7½s, 1936......	101
Ohio Public Service 7½s, 1946........	110

Insurance Protection for One With No Investment Experience

Some Interesting Insurance Problems Raised by Readers

By Florence Provost Clarendon

Insurance Editor:

I am afraid that I may have been a victim of my own friends in the insurance business. Knowing little about insurance, I have just bought some, and now am writing for your opinions and advice. My circumstances are as follows: My age is 38. I am not married, and probably never will be, having an infirmity that requires the use of crutches. My mother, who is about 60 years of age, is dependent upon me and my purpose is to provide adequate protection for her above everything else. I have about $16,000 in well invested assets and have an income from earnings that averages about $3,000 a year at present. I have about $9,000 in life insurance with six different companies—endowment, limited payment and ordinary group life insurance. In addition I have an income bond written by the ——— Company which pays me $10 a month at age 50 and for which I pay a premium of about $95 a year. This cost seems high to me but I have never been able to fully understand the nature of this policy. Taking into account the state of my health, will you give me your opinion on my present insurance. Remember that I am particularly concerned with protection for my mother. In the event of my death she would have about $25,000 in cash and I am afraid that without any experience in handling money or investments she might lose it all the first year. She is a darling old lady but she is of the old school and not capable of handling her own funds. As she has no one to leave the money to I would like to have her use the principal as well as the interest. I do not know how to arrange this so I am appealing to you. Thanking you for your consideration, I am,

R. H.

I am much interested in your letter to which I have given quite a little thought. Your insurance friends seem to have advised you well, because your protection is carried through good channels on satisfactory plans.

Your life insurance proceeds—indeed your entire estate, or that portion of it reverting to your mother—should undoubtedly be left in the form of *income*—preferably in monthly payments. This would relieve her of all responsibility regarding investment and she could in this way more easily limit her outlays in conformity with her income.

If your life insurance were not distributed in so many companies in such small amounts, I would suggest that the proceeds at your death be paid by *the companies* in income instalments under one of their options of settlement outlined in the policy contract. In the circumstances, however, this would mean five or six small monthly checks, which would hardly be a practical mode of adjustment.

It appears to me that your life insurance policies should be made payable to your estate; and that you should make a will appointing an executor, and name your mother as principal legatee. You could name either a friend or a trust company as executor of this trust fund, and state the manner in which you wish it to be paid. In such disposition of your estate, there would be a flexibility in payments, and as you say that you want your mother to "use principal as well as interest," the discretionary powers entrusted to the executor or trustee should effect your wishes in this respect.

You should undoubtedly retain your Equitable Income Bond, particularly as you are handicapped through your physical impairment, and would therefore find even the small income from this Income Bond welcome if you should decide to take life easier around age 50. It is a good contract, and the cost is not high for the benefits granted.

Annuity Contracts

Insurance Editor:

As a subscriber to the magazine, I read your pages with interest. Your answer to J. F. W. in issue of December 28th seems to suggest insurance help which I have been trying to find. Will you tell me what it would cost me to purchase an annuity which would provide my mother and myself each $50 per month. My mother is 72 years of age and I am 50. Thanking you, I am, very truly, M. C. B.

Your letter does not state if the writer is a man or a woman, but gives me the impression that the latter is the case. In quoting figures for annuities, I take the assumption therefore that the income is desired for a mother and daughter, and figures are taken for annuities on women's lives. As the longevity of women, as a class, over 50 years of age, is greater than that of men, the purchase price of an annuity on a female life is greater than that on a male, since the income would have to be paid for a longer period to that class (women) who enjoy the longer life.

You could obtain a joint and survivor annuity on your own and your mother's life, under which the joint income would be paid to both during the joint lives, and would continue in the same amount, on the first death, to the survivor for her remaining life time. Or you could each obtain an annuity on the single life, in which ease the individual annuity would cease on the death of the annuitant under her personal contract.

I would advise that you consider a joint and survivor annuity, because the mode of living would probably not vary greatly in the case of the death of mother or daughter, and it would be difficult to readjust living conditions

(*Please turn to page 656*)

Practical Pointers for Successful Estate Building

A Plan That Can Readily Be Adapted to the Personal Needs of the Individual Investor—Important Sources of Financial Information Described

By H. G. Rowell

REGARDLESS of how much any of us may deceive others as to our real thoughts, there are times when no one of us can fail to realize that one's later years and the financial fate of one's family must be faced as serious problems. Many a man or woman has spent sleepless nights and welcomed even the grayest of dawns trying to plan a favorable financial future for one's self and one's dependents.

It must be taken for granted that any financial plan will not be 100% safe nor 100% productive. Nor is it now, nor will it ever be, possible to build a universally practicable scheme to meet the crying need which responsible persons can not fail to recognize.

If one casts aside any existing backlog of favorable circumstances, such as inheritances from other generations, or even certain apparently assured futures, then it is possible to divide financial plans into two general classifications:

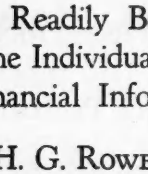
A—Activities in which practically all estate builders should participate;

B—Variable activities which must be fitted to the individual and his needs.

Universal Needs

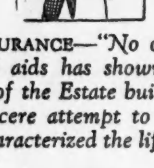
First considering what may be called *universally desirable activities,* it must be recognized that life insurance is of primary importance. I have never classed it as an investment. It is, or should be, a morally frozen asset. The chief objective in taking it, is nothing more than protection against the unexpected. No other group of one's financial aids has shown the clear knowledge of the estate builder's needs and the sincere attempt to meet them, that has characterized the life insurance companies. It is interesting, too that, since the longer one lives, the more profitable it is for the insurance company, some of the outstanding groups, and one in particular, make very definite and provedly successful efforts to prolong the span of life, not only among their own policyholders but actually in the community in general. More power to the helpful life insurance companies. Nevertheless, one can usually do better than putting one's whole probable estate into life insurance or health insurance. Buy for safety and protection, nothing else. There are other ways of getting better capital appreciation.

Four Important Steps in Estate Building

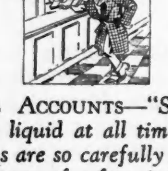


LIFE INSURANCE—*"No other group of financial aids has shown the clear knowledge of the Estate builder's needs and the sincere attempt to meet them that has characterized the life insurance companies."*

SAVINGS ACCOUNTS—*"Savings accounts are liquid at all times and, because banks are so carefully supervised, the percentage of safety is high."*



HOME OWNERSHIP—*"The ownership of a home is not only a wise investment policy but it also serves as an incentive in the battle of life."*



INVESTMENT SECURITIES—*"However clever he may be, no investor can or should attempt to travel a lone pathway. The chief question then is how and from what sources he shall receive his advice, on what he shall depend for the information on which he bases his investment decisions."*

Savings accounts are liquid at all times, and because banks are so carefully supervised, the percentage of safety is high. The yield on accounts is as high as that on the good common stock, but there is small prospect for capital appreciation. A modest savings account tides one over immediate emergencies. The money is available at times when investment buying of another sort is particularly favorable. But there is a further advantage which is equally important—the wise investor has learned the value of a good banking connection.

The writer believes that, for the investor (not the speculator), the best asset is a good bank which takes an interest in one's financial future, makes available good investment advice, and loans one small sums for purchasing securities when taking such a loan is justifiable. The writer wishes to pay a tribute at this time to his banking connections for interest and advice which have proved sound, profitable, and disinterested. On the other hand, it does seem to be true that certain individuals do not have successful contacts with banks, possibly because they are not willing to put their cards on the table and let their bank know precisely what their real financial situation is.

Home Ownership

The third universal financial activity is the ownership of a home. It will be claimed that this is impracticable for many—and this is true. It will even

be impossible for some individuals to ever consider owning a home. In some cases, the price to pay for owning a home would be extortionate, and to others the value would not be there at all. Personally I prefer an equity, rather than complete ownership, as I believe the property is thus more liquid. Nevertheless, the ownership of a home—is not only a wise investment policy, but it also serves as an incentive in the battle of life. Banks, building and loan associations, and other financial agencies help in the financing of the home. The writer would make one suggestion, however, —buy a home in keeping with present finances. Whatever may be said of discounting future earning in the purchase of securities, one's future earnings should not be discounted through the purchase of real estate which is, for a given individual, extravagant to purchase, or extravagant to operate.

It is not possible to name a relationship between present income and the proper cost of the home. Budget experts have attempted to do so. They seem, finally, to have come to the conclusion that the ratio is one for the individual to determine, in light of interests, activities, and probable use and importance of the home to that person. One thing to consider is how much time the individual has available to spend personally on the property and its upkeep. Another consideration is whether the home is expected to be the center of the life activities of that family or whether much of the social life will be extra mural. But in any case don't get in too deep.

Some Individual Considerations

That is the story for activities in which practically all investors for estate building should participate. From this point the problem becomes a distinctly individual one.

The first question to decide before investing — and it must be handled brutally—is whether the given individual is, at the moment, capable of handling money. To this might be added the question of whether that individual could ever be made capable of handling money. To put it another way, just how much does a given individual need a financial "crutch" or a guardian. It is, however, not unusual to find either husband or wife basically capable of taking care of money. If this is not true, then, barring the kind intervention of Providence, that family is due for financial wreckage at best.

However, clever he may be, no investor can or should attempt to travel a lone pathway. The chief question then is how and from what sources he shall receive his advice, on what he shall depend for the information on which he bases his investment decisions. These sources can not be listed in order of cost, since the one seemingly most expensive, may be the cheapest and best. Nor can they be listed on the basis of reliability, since there is only the past on which to judge. Nor is it even possible to list them on the basis of probable usefulness since that is an individual matter. The writer would add in passing that there are also extremely dangerous sources of information, the worst probably being the well-meant friendly tip. It seems almost trite to add that some sources of information are so blatantly unreliable that one wonders if the financial disasters arising from such activities really deserve much sympathy.

Sources of Financial Information

There exists at present a wide field for selection of current financial literature of various sorts, which may be considered chronologically, as follows:

1 — Newspapers with financial columns and financial dailies. Of the latter, there are several that hold favorable reputation. The financial pages of these newspapers are valuable in keeping one informed on current news items daily security price changes, etc.

2—Weeklies and magazines. For the student of finance, there are several conservative mediums. More strictly from the point of view of buying and selling, there are other weeklies and bimonthlies, which are quite useful. THE MAGAZINE OF WALL STREET, by practising in its pages that primary principle of investment diversification, seems to the writer to be the most useful single periodical. It and it alone, considers every angle of estate building, such as insurance, building and loan associations, savings accounts, as well as a widely diversified consideration of investments to meet all classes of needs. This magazine, then, comes most nearly to being the magazine of universal appeal to the thoughtful estate builder.

3—Bulletins of various sorts from agencies which make careful study of both the securities market and the economic situation. Such services include analysis of holdings, recommendation for buying and selling, and privilege of consultation. The usual cost varies considerably depending on the service expected and the service received. For the better agencies, the writer has the greatest respect and considers it a good plan to obtain the services of several agencies and to use their information for building personal judgment. Since trading may legitimately become part of estate building in the case of some persons, and since investors might well make more by picking opportune moments for selling even first class holdings, to rebuy later at a lower price, there is some justification for using the agencies for trading advice as well as for their other functions. At any rate, these agencies are important sources of investment information.

4 — Brokers' investment letters. These are valuable. Since brokerage houses and investment companies are not charitable organizations, it is logical that their services should be given consideration when buying is intended. Brokers' and investment companies' offices have statistical services and experienced persons available for advice. It is quite logical that opinions from several of these sources might not always agree. There are situations which not even a fortune teller would care to interpret. Investment companies are naturally most familiar with and most interested in their own issues. That is by no means unfortunate, since contacts with them have proved very profitable to estate builders. There are several internationally known investment houses, several of which are subsidiaries of large banks, and their securities and their opinions have and deserve the universal respect of investors.

Group Investment

With the above sources of information, with possibly others of lesser importance, the estate builder who buys securities, must face squarely the question of whether he is capable of using much judgment as to the handling of his finances or, whether he would do better to put his funds into the hands of such institutions that provide

(Please turn to page 656)

Supremacy of Bond Investments Challenged by Common Stock Enthusiast

Critical Response to Recent Bond Article Calls for Open Debate

By Thomas Hand

FIRST of all, I want to come out into the open and say that it is my fond hope to open up a controversy on a subject that most investors consider a closed matter. If, in line with this hope, a good old-fashioned family argument should happen to get started among your large body of readers, it might help to put down some of the false premises that are guiding people today in making investments.

The whole thing started in my mind several weeks ago when I read an article in the BYFI Department by one Stephen Valiant, who took it upon himself to become the champion of the Buy-A-Bond-A-Month Club. I have never seen this gentleman, of course, but from his article I can easily imagine him as a kindly old person who wears a frock coat and has a slightly bent back—the result no doubt of leaning over bond manuals for many years to find out how to invest his money without taking any chances. At any rate he seems to have learned his investment A B C's in some dim dark age of the hoary past when bonds were the only safe investments that were known.

It's a Free Country

Naturally, I recognize that it is Mr. Valiant's privilege to hold any opinion that he likes in this "home of the brave and land of the free." If he honestly believes that bonds are the best investment for himself, his wife and children, and all of the widows and orphans in the United States, that's all right with me. But when he lays down an iron-bound rule that is to govern what he chooses to call a "real investor" then I feel that it is about time for some of us in the opposition party to voice our sentiments on the other side of the proposition.

Bonds Versus Stocks

This article casts up a very important investment subject for open discussion. The BYFI Editor has invited Mr. Valiant to present his rebuttal and can promise a very interesting article in a nearby issue. In the meantime, comments and articles are solicited from readers who are invited to give their ideas and experiences on the subject.

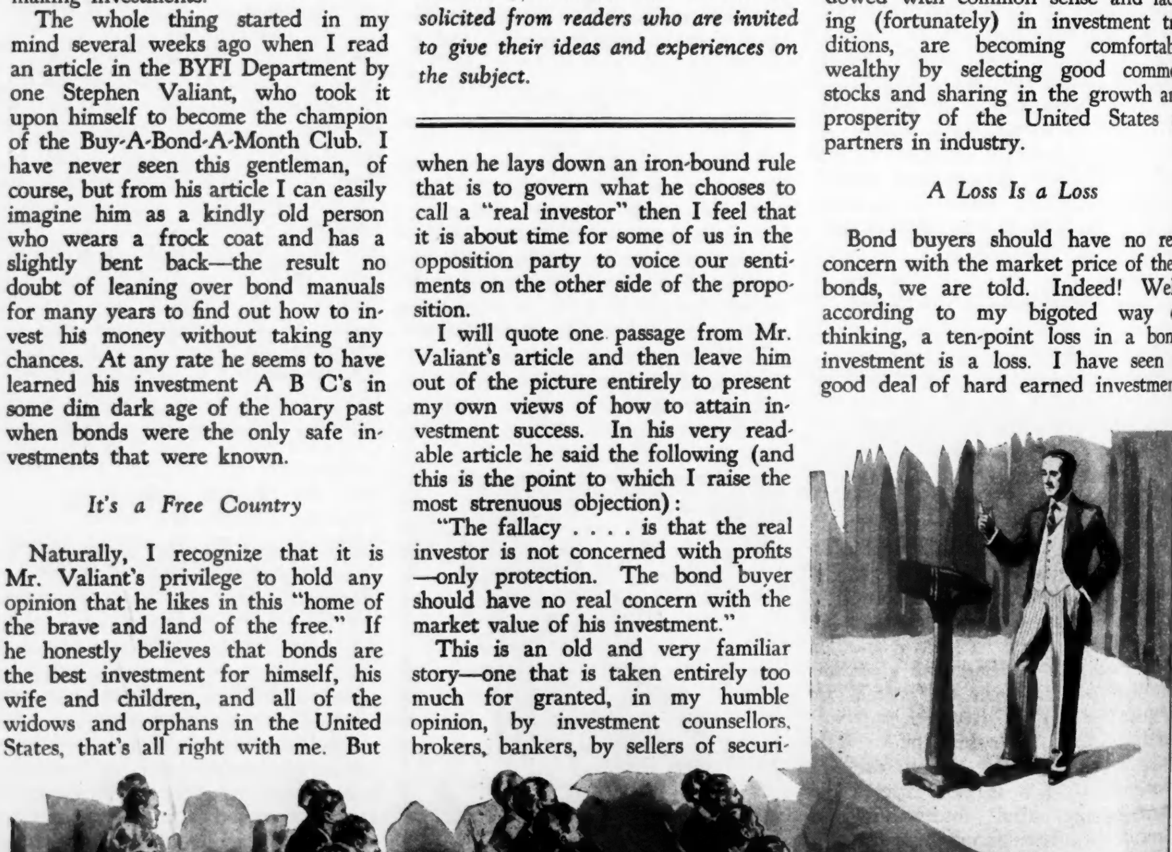
I will quote one passage from Mr. Valiant's article and then leave him out of the picture entirely to present my own views of how to attain investment success. In his very readable article he said the following (and this is the point to which I raise the most strenuous objection):

"The fallacy . . . . is that the real investor is not concerned with profits—only protection. The bond buyer should have no real concern with the market value of his investment."

This is an old and very familiar story—one that is taken entirely too much for granted, in my humble opinion, by investment counsellors, brokers, bankers, by sellers of securities and, worse still, by buyers of securities. Somehow or other this old deeply-rooted notion has cast a spell over a large class of conservative security buyers who call themselves "real investors" with the result that they go out and buy bond coupons and cash income as though that were all that they were entitled to for their money. In the meantime an equally large body of investors heavily endowed with common sense and lacking (fortunately) in investment traditions, are becoming comfortably wealthy by selecting good common stocks and sharing in the growth and prosperity of the United States as partners in industry.

A Loss Is a Loss

Bond buyers should have no real concern with the market price of their bonds, we are told. Indeed! Well, according to my bigoted way of thinking, a ten-point loss in a bond investment is a loss. I have seen a good deal of hard earned investment



money lost by friends of mine who demonstrated some of this delightful lack of concern about bonds on their list that showed them losses.

It was not so many years ago either that I was one of the million who bought Liberty Bonds at par and was also one of the smaller, though none the happier, group who were forced to cash in their Liberties at a 15-point discount. The fact that these prime investment issues subsequently "came back" and sold at a premium over their par value is beside the point.

To Compensate for Risk

Bonds can and do move as much as from five to ten points in a year, whether they are high grade investments or whether they are among the so-called "secondary grades." With changing values for his principal, the investor is exposing his funds to a certain element of risk. The really wise investor will not merely hide the fact that he is assuming some risk when he makes an investment, like an ostrich hides his head in the sand when danger is near, but instead will ascertain how he can obtain the best possible results from his investments to compensate him for the risk that is inevitable.

In my own experience I have found that the purchase of good common stocks has given me the best investment results over a long period of time and, therefore, I am arguing in favor of common stocks for long term investment. Many other investors and celebrated investment analysts have found the same result. While I am not arbitrarily setting down the rule that common stocks are better investment mediums than bonds, I would like to see the subject debated in open forum so that we can get over some of the old-time fancies that handicap an investor under present financial conditions.

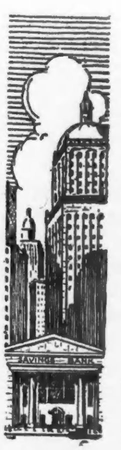
I am one of those hard-headed people who believe that results count for more than theories. This goes for investment as well as any other branch of human activity and endeavor. If one is able to get better results from an investment in good strong common stock issues held for permanent retention, that counts for more with me than all the fine logic that a whole army of college professors could produce. I have obtained satisfactory results from investment in common stocks and I believe that many thousands of others have obtained equally satisfactory results. Perhaps this discussion will encourage some of your readers to give their own results. Undoubtedly there is a tremendous number of investors who have shared in the growth of our large corporations during the past few years as owners and shareholders — a permanent interest that is still intact and still profitable in spite of the sharp decline in stock prices last year. I feel sure that many of these investors confidently expect the next major movement in stock values to carry their holdings to even better prices than last year, with larger incomes paid out of growing corporate earnings.

At any rate I would like to see this subject of "Stocks vs. Bonds" come out into the light for open discussion. With all respect to the very fine articles on bonds which have been presented in this department from time to time it is my belief that there is a good deal to say about good common stocks for investment also. So let us throw the meeting open for discussion of this important topic.

EDITOR'S NOTE:

All right let's have the discussion. It is the practice of the BYFI Department to throw open its columns to both sides of interesting investment topics irrespective of our own principles or precepts. Without prejudice to the platform of this department (i. e. that investors should make their first investments in savings banks, insurance bonds or other fixed income producing securities), we are glad to encourage open discussion of stocks investments from all sides of the question.

BYFI RECOMMENDS—



For Saving

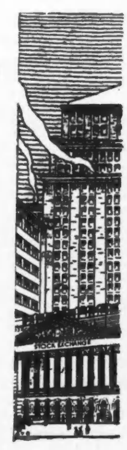
1. SAVINGS BANK. A convenient depository for the accumulation of regular or intermittent savings at compound interest. Funds are always available and may be withdrawn as soon as they reach suitable proportions for employment in more profitable mediums.

2. BUILDING AND LOAN shares serve as convenient, long range (10 to 12 years) mediums for the accumulation of savings. Through regular monthly payments this form of savings also possesses the element of gentle compulsion.

3. ENDOWMENT INSURANCE is a means of securing insurance protection and at the same time accumulating savings. Also possesses merit of regularity in savings but in view of small return, should not occupy too large a place in the accumulating program.

For Investment

Security	Recent Price	Yield %
1. Illinois Central 40-Year 4¾s, 1966	97	4.9
2. Public Service, Elec. & Gas 1st & Ref. 5s, 1965	103	4.8
3. Standard Oil of N. Y. deb. 4½s, 1951	96	4.8
4. Western Pacific 1st 5s, 1946	98	5.1
5. Youngstown Sheet & Tube 1st SF. "A" 5s, 1978	101	4.9
6. New York Steam 1st "A" 6s, 1947	106	5.4
7. Chesapeake Corp. Conv. Coll. 5s, 1947	99	5.1
8. Associated Dry Goods 1st 6% Pfd.	91	6.6
9. Hudson & Manhattan Conv. 5% Pfd.	78	6.4
10. Southern Pacific Common $6	122	4.9



The BYFI Recommendation Table is intended primarily to serve as a constant guide to inexperienced investors through the early stages of their income building program. On the left, the advantages of each of three principal mediums for accumulating regular savings are outlined. On the right, a progressive tabulation of investment securities suitable for the employment of sums accumulated through savings is presented. These issues, if purchased in the order listed are intended for a permanent investment, and as such, will ultimately provide a sound backing of income producing securities, affording safety of principal, fair return, and offering the protection of diversity.

Gradual Gains Continue

Industry Progresses Slowly But Surely—Seasonal "Sales" Aid Retail Trade

STEEL

Shows Improvement

THE steel industry continues the cautiously steady up trend instituted with the turn of the year, keeping production well aligned to the accumulating volume of current specifications without seriously depleting strong backlogs of unfilled orders and in this manner preserving a safeguard against the eventuality of a temporary sag in demand. At the present time, however, any such need seems unlikely inasmuch as current indications point to gradual improvement in consumption as the season wears on. Railroad requirements hold the center of the steel stage with between 20,000 and 30,000 freight cars, 130 locomo-

(*Please turn to page* 660)

COMMODITIES*

(See footnote for Grades and Units of Measure)

	1930 High	1930 Low	1930 Last
Steel (1)	$34.00	$34.00	$34.00
Pig Iron (2)....	18.50	18.50	18.50
Copper (3)	0.17¾	0.17¾	0.17¾
Petroleum (4)...	1.45	1.20	1.20
Coal (5)	1.65	1.50	1.50
Cotton (6)	0.17½	0.17¼	0.17⅝
Wheat (7)	1.46½	1.40¾	1.40¾
Corn (8)	1.08⅝	1.04⅞	1.04⅞
Hogs (9)	0.09¾	0.09½	0.09¾
Steers (10)	16.50	16.00	16.00
Coffee (11)	0.09⅛	0.09⅛	0.09⅛
Rubber (12) ...	0.16⅝	0.15⅝	0.15⅝
Wool (13)	0.34	0.34	0.34
Tobacco (14) ...	0.14	0.14	0.14
Sugar (15)	0.03¾	0.03⅝	0.03⅝
Sugar (16)	0.05¼	0.05⅛	0.05¼
Paper (17)	0.03⅛	0.03⅛	0.03⅛
Lumber (18) ...	20.03	20.03	20.03

* January 25, 1930.

(1) Bessemer billets, $ per ton; (2) Basic Valley, $ per ton; (3) Electrolytic, c. per pound; (4) Mid-Continent, 36°, $ per bbl.; (5) Pittsburgh, steam mine run, $ per ton; (6) Spot, New York, c. per pound; (7) No. 2 Red, New York, $ per bushel; (8) No. 2 Yellow, New York, $ per bushel; (9) Light, Chicago, c. per pound; (10) Top, Heavies, Chicago, c. per lb.; (11) Rio, No. 7, spot, c. per lb.; (12) First Latex crepe, c. per lb.; (13) Ohio, Delaine, unwashed, c. per lb.; (14) Medium, Burley, Kentucky, c. per lb.; (15) Raw Cubas, 96° Full Duty, c. per lb.; (16) Refined, c. per lb.; (17) Newsprint per carload roll, c. per lb.; (18) Yellow pine boards, f. o. b. $ per M.

THE TREND IN MAJOR INDUSTRIES

STEEL—Irregularity in the general price structure continues but it is not unreasonable to expect a firmer situation as heavier volume accumulates and average declines to date have not been seriously extensive. Output has been stepped up further with larger requirements from automotive, railroad and building lines; immediate prospects point to continued gradual gains.

METALS—Rumors of an impending cut in copper prices are given some weight by currently heavy stocks and conservative buying but closer alignment of production with market demands may preserve the current price structure until consumption increases. Lead markets continue steady and Zinc prices have risen slightly.

PETROLEUM—General declines in the crude oil price structure developed last month when controling interests slashed quotations 19 to 41 cents in the Texan, Gulf Coastal and Mid-continent fields. While these cuts should force recalcitrant producers to curtail output, more difficult profit positions seem indicated during the coming period of readjustment.

MACHINERY—Although actual buying in machinery and machine tool markets remains comparatively quiet, inquiries are said to be numerous and substantial increases in activity should develop with a more definite improvement in general business. In the meanwhile, prices are steady on the whole and immediate requirements from farm equipment, railroad and electrical equipment lines are keeping production at fair levels.

RAILROAD EQUIPMENT—Freight cars on order January 1st, this year, totaled 34,581 as against 13,036 on order on the same day in 1929 and locomotives reported on books gained 284 between the same dates. These facts together with currently heavy buying and inquiries assure sustained high earnings for major companies through the first quarter at least.

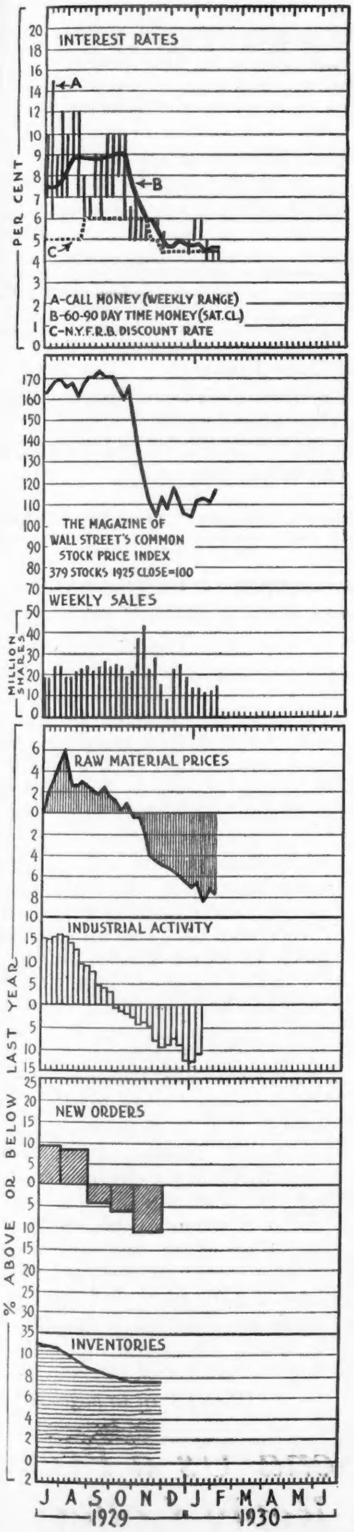
AUTOMOBILE ACCESSORIES—Reflecting the abrupt and extensive decline in automobile production, demand for original equipbent fell during the last part of 1929 to the lowest levels of the past three years. While running consumption has gained moderately, the outlook is clouded by the uncertain status of the automobile industry. Replacement demand, however, is expected to temper unfavorable factors to some extent.

SHIPPING—With considerable progress reported in Government mail contract awards and with the present legislative attitude interpreted as favorable to American lines, shipping sentiment has become decidedly more optimistic. Shipbuilding, also, continues to improve; reports for the quarter ending December, 1929, increased 67,000 tons from the preceding period.

SUMMARY—Despite some sluggishness of current activity, moderate improvement is evident and the conservatism which is now so general may prove a salutary influence as the tide turns more pronouncedly.

THE MAGAZINE OF WALL STREET'S INDICATORS

Business Indexes

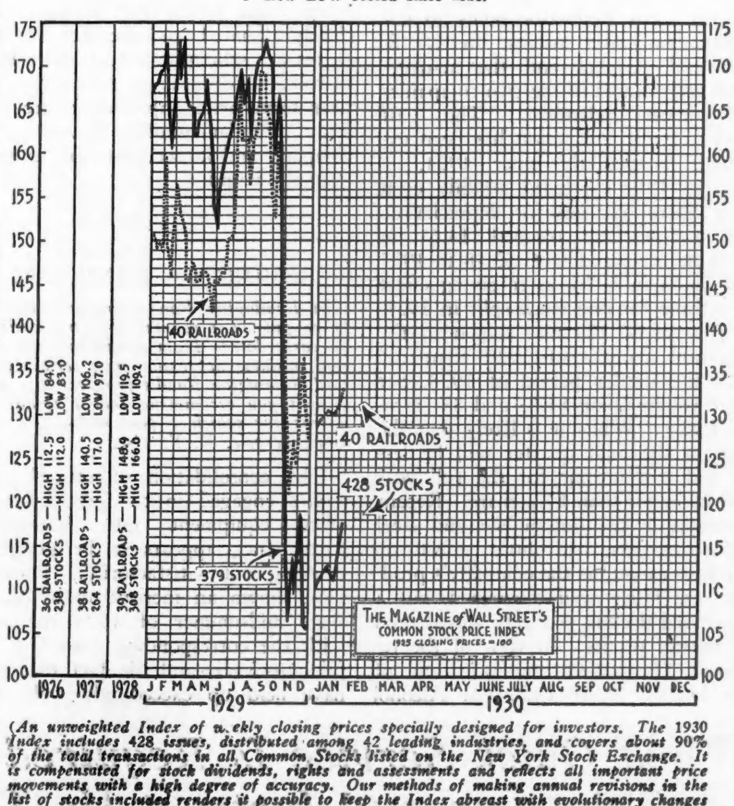


Common Stock Price Index

(1925 Closing Prices—100)

Number of Issues in Group	Group	1930 Indexes (428 Issues) High	1930 Indexes (428 Issues) Low	Recent Indexes Jan. 18	Recent Indexes Jan. 25	1929 Indexes (379 Issues) Close.	1929 Indexes (379 Issues) High	1929 Indexes (379 Issues) Low
428	COMBINED AVERAGE	117.8	109.0	111.0	117.8	109.0	173.1	105.6
40	Railroads	133.0	129.0	130.0	133.0	129.0	169.5	120.8
3	Agricultural Implements	318.0	258.0	262.8	318.0	258.0	655.5	237.1
3	Aircraft (1927 Cl.—100)......	88.9	84.0	84.3	84.0	86.0	307.1	78.0
8	Amusement	160.0	123.4	132.4	160.0	129.6	268.0	121.5
22	Automobile Accessories	96.7	84.2	85.6	96.7	84.2	212.6	82.9
18	Automobiles	57.9	53.0	53.0	54.9	54.2	134.9	52.1
8	Baking (1926 Cl.—100)	50.6	42.7	43.6	50.6	43.4	96.3	39.8
2	Biscuit	214.2	189.9	197.5	214.2	189.9	267.6	177.0
5	Buisiness Machines	235.1	218.1	218.1	235.1	219.4	385.8	.205.0
2	Cans	182.5	169.8	173.3	182.5	171.9	273.5	.157.1
9	Chemicals & Dyes	229.8	216.9	221.9	229.8	220.4	363.9	.204.5
4	Coal	98.6	83.5	93.0	96.5	83.8	124.0	77.0
16	Construction & Bldg. Material	90.8	80.9	80.9	90.8	82.4	145.4	76.6
13	Copper	203.1	191.0	191.0	197.6	194.5	391.5	189.6
4	Dairy Products	86.5	81.4	81.9	86.5	86.5	146.0	73.3
10	Department Stores	40.5	37.3	37.6	40.5	38.0	86.5	37.5
9	Drugs & Toilet Articles	133.6	128.2	128.2	133.6	128.6	199.2	119.2
8	Electric Apparatus	185.5	172.9	176.9	185.5	172.9	298.5	151.3
3	Fertilizers	46.3	40.1	41.9	46.3	40.8	121.4	36.5
2	Finance Companies	115.5	101.4	103.6	115.5	101.4	213.9	95.3
4	Furniture & Floor Covering...	113.2	109.2	113.2	115.7	109.2	209.3	102.3
6	Household Appliances	63.5	57.3	59.7	63.5	57.3	110.8	56.6
4	Investment Trusts	139.2	125.7	127.5	139.2	125.7	406.2	113.3
3	Mail Order	143.4	125.1	125.1-1	143.4	132.6	418.6	127.5
4	Marine	65.8	61.8	64.5	61.8	62.2	93.7	60.1
3	Meat Packing	55.4	50.1	50.1-1	53.0	54.2	104.4	51.2
45	Petroleum & Natural Gas	109.1	104.6	104.6	109.0	106.7	171.7	104.5
6	Phon'phs & Radio (1927—100)	134.9	94.0	94.0-1	106.6	129.6	321.1	116.3
23	Public Utilities	233.5	224.5	224.5	233.5	224.9	388.4	194.2
11	Railroad Equipment	106.1	99.2	101.3	106.1	99.2	136.1	95.0
3	Restaurants	133.8	127.2	130.2	133.8	127.2	180.5	117.9
2	Shoe & Leather	90.8	79.4	89.8	90.8	79.4	178.3	76.3
2	Soft Drinks (1926 Cl.—100)..	209.0	195.5	202.8	209.0	198.4	244.0	183.5
15	Steel & Iron	129.8	117.3	121.4	129.8	117.3	173.4	112.8
6	Sugar	45.1	39.5	45.1	43.4	39.7	81.6	39.2
2	Sulphur	231.1	214.0	219.8	231.1	214.0	295.2	191.4
3	Telephone & Telegraph	167.9	162.7	162.7	167.5	167.8	252.3	150.1
6	Textiles	59.9	49.9	56.1	59.9	49.9	128.5	48.1
8	Tire & Rubber	33.2	25.6	29.5	33.2	25.6	111.4	25.6
13	Tobacco	103.5	83.4	93.1	103.5	83.4	184.6	79.6
5	Traction	73.4	65.2	67.3	71.0	65.2	140.4	58.9
2	Variety Stores	97.3	85.0	85.8	97.3	88.7	138.8	83.9

1—New LOW record since 1928.



(An unweighted Index of weekly closing prices specially designed for investors. The 1930 Index includes 428 issues, distributed among 42 leading industries, and covers about 90% of the total transactions in all Common Stocks listed on the New York Stock Exchange. It is compensated for stock dividends, rights and assessments and reflects all important price movements with a high degree of accuracy. Our methods of making annual revisions in the list of stocks included renders it possible to keep the Index abreast with evolutionary changes in the market, without impairing its continuity or introducing cumulative inaccuracies.)

·SERVICE·SECTION·

ANSWERS TO INQUIRIES

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The Personal Service Department enables you to adapt THE MAGAZINE OF WALL STREET to your personal problems. If you are a yearly subscriber, you are entitled to receive FREE OF CHARGE a reasonable number of PERSONAL REPLIES BY MAIL OR WIRE on any security in which you may be interested. The inquiries presented in each issue are only a few of the thousands currently received and replied to. The use of this personal inquiry service in conjunction with your subscription to the Magazine should help you to get hundreds or thousands of dollars of value from your $7.50 subscription.

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Subscribers wishing to avail themselves of the privileges of the Personal Service Department should be guided by the following:

1. ***Be Brief.***
2. ***Confine requests for an opinion to THREE SECURITIES ONLY.***
3. ***Special rates upon request to those requiring additional service.***
4. ***Write name and address plainly.***

AIR REDUCTION CO., INC.

Shall I take a loss of $1,000 in Air Reduction before any further serious decline in the stock takes place? I have been told that before long there will be developments which may revolutionize the entire chemical industry and are likely to greatly detract from the standing of this company; also that the stock should not be selling higher than 80 based on its estimated earnings for 1929. What is your opinion?—G. M. B., Topeka, Kansas.

The position of Air Reduction Co., Inc., is much the same as that of its affiliate, the United States Industrial Alcohol, in that recent developments of an unfavorable nature have come to light. Air Reduction owns an important minority interest in U. S. Industrial Alcohol and the management and control of the two companies are almost indentical. The past record of Air Reduction has been excellent, particularly since 1924, as earnings have increased steadily even after liberal charges for depreciation. The net income reached $4.61 in 1928, as compared with $3.58 in 1927 and $3.63 in 1926, after giving effect to a three for one stock split in 1928. A gain of 97.2% was shown in the first nine months of 1929 compared with the similar period of 1928, per share results being $5.63 and $3.18 respectively. While it is likely that the gain in the final quarter will be less marked, net income for the full year will be better than $7 a share. Recent recession in the automobile and steel industries has had little effect on earnings as yet, as the company's products are fairly well diversified, but a continued decline probably would tend to restrict profits. In view of the reported Government investigation of the United States Industrial Alcohol Corp. with which Air Reduction is closely affiliated, and the fact that the shares are selling at a fairly high level in relation to earnings, possibilities for near term price appreciation are limited. Fundamentally, however, the company and its securities are unquestionably sound.

REMINGTON RAND, INC.

In Remington Rand common scheduled to be put on a regular dividend basis at an early date? I am afraid that the current business depression may seriously retard Remington Rand's progress this year. Would you recommend that I retain 100 shares for which I paid 48?—A. L. O., Poughkeepsie, N. Y.

The consolidation of several companies engaged in the production of office equipment into Remington Rand, Inc., appears to be gradually working out satisfactorily. Earnings have shown an increase each quarter since midsummer of 1928 compared with the corresponding period of the previous year, and the fact that sales have held up exceedingly well since the break in the stock market augurs well for near term prospects. Organized early in 1927, as a holding and managing enterprise, but now owning numerous properties outright, this concern represents a comprehensive group of business service and office equipment enterprises. It owns a majority of the capital stock of the Remington Typewriter Co., and has acquired the assets of Rand Kardex Bureau, Inc., Dalton Adding Machine Co., Wales Adding Machine Co., Safe-Cabinet Co., Powers Accounting Machine Corp., the Kalamazoo Loose Leaf Binder Co. and Lineatime Mfg. Co. Net earnings for the fiscal year ended March 31st, 1929, were equivalent to $1.15 per common share, compared with $1.17 in the previous comparable period. Earnings for the half year ended September 30th, 1929, totalled $1.58 per share, and with December quarter earnings expected to show around $1 a share, full fiscal year returns are expected to approximate $4 a share. The manner in which earnings have increased has been due main-

(Please turn to page 643)

When Quick Service Is Required Send Us a Prepaid Telegram and Instruct Us To Reply Collect

FOR INDIVIDUAL AND INSTITUTIONAL INVESTORS

Every investment account, whether made up entirely of fixed interest-bearing securities or including a proportion of equity issues, should have a foundation of high-grade bonds. Government, State, Municipal and the best Corporation bonds are the recognized media for the conservation of capital, and are just as suitable investments for individuals as for savings banks, insurance companies and other institutions.

The National City Company provides conveniently located investment offices in the following cities where recommendations for the employment of current surplus funds will gladly be made:

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Cincinnati, Ohio
Cleveland, Ohio
Dallas, Texas
Davenport, Iowa
Denver, Colo.
Detroit, Mich.
Hartford, Conn.
Houston, Texas
Indianapolis, Ind.
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INVESTMENT SECURITIES

Income Tax Department

Conducted by M. L. Seidman

This is the fifth of a series of articles by Mr. Seidman on how to prepare income tax returns, that will appear regularly in these columns. Mr. Seidman is a well-known tax expert and has written numerous articles on taxation. He will answer all income tax questions that might be directed to him by our readers. Unnecessary duplication will be avoided by publishing one type reply which fully satisfies the queries in other letters. Questions should be addressed to Mr. Seidman, c/o THE MAGAZINE OF WALL STREET, *42 Broadway, New York City. All communications must be signed by the inquirer, but no names will be disclosed in the published answers.*

FOR this article we reserved the discussion of tax rates and the computation of the tax. I'm sure we'll find it rather simple, in spite of the horror that has popularly surrounded the computation end.

The individual's tax is divided into two parts—the normal tax and the surtax. There are special features such as the allowance for earned income and what is technically known as capital gains or losses. There is also a credit permitted in the case where a corporation issuing bonds pays part of the tax on the bond interest directly to the Government for the bondholder. With all these special phases we need not concern ourselves at the present time, except to know generally that they do exist. They will be taken up in more detail later on. The normal tax and the surtax, however, are the main items, so that they're what we want to know something about first.

The normal tax is computed on the net income after deducting the exemptions. Dividends are also permitted as a deduction in figuring the normal tax. Of the net amount remaining, the first $4,000 is subject to a ½% tax, the next $4,000 to 2%, and the remainder to 4%.

To make sure this is clear, let us work out an example. Suppose that a married man with two dependents has a net income of $20,000, of which $5,000 is from dividends. We said that the amount subject to normal tax was the net income less the exemption and the dividends. Here, the exemption is $3,500 for being a married man, plus $800 for two dependents. The amount subject to normal tax is therefore $20,000 less dividends and exemption of $9,300, or $10,700. The first $4,000 would be subject to a tax of ½%, or $20. The next $4,000 would be subject to a tax of 2%, or $80. We have now absorbed $8,000 of the income subject to the normal tax. This leaves a balance of $2,700 which is taxed at 4%, or $107. The total normal tax, therefore, is the $20, plus the $80, plus the $108, or $208.

That is all there is to the computation of the normal tax. Now let us observe how the surtax works out.

The surtax is figured on the total net income, without making any deductions for exemptions, dividends or anything else. In the example we just worked out, therefore, the surtax would be figured on $20,000. The surtax begins on incomes in excess of $10,000. In other words, where a person's net income is less than $10,000, he has no surtax to pay. The rates of the tax are graduated, just as we found in the case of the normal tax. A difference exists, however, in the fact that there is a wider range of rates.

The rates go from 1% on the amount of net income between $10,000 and $14,000, to 20% on the amount of income in excess of $100,000. The general scheme is that the rate increases 1% for about every $2,000 of income, although as the income gets closer to $100,000, there is a 1% increase for about every $5,000 of additional income. Specifically, the $2,000 of income between $14,000 and $16,000, is taxed at 2%; the next $2,000 of income between $16,000 and $18,000 is taxed at 3%; the income between $18,000 and $20,000 is taxed at 4%, and so on.

It should be noted that if the income is, let us say $18,000, the surtax is not 3%. It is only on the $2,000 of income between $16,000 and $18,000 that the tax rate is 3%. In other words, in computing the surtax, we begin from the bottom of the ladder and work our way up, taking advantage of the lower rates until we have absorbed our total income. Here, too, an example may help make the point clearer.

Let us carry through with the illustration already offered of the individual with a net income of $20,000. On the first $10,000 there would be no surtax at all. On the next $4,000, that is on the income between $10,000 and $14,000, the surtax would be 1%, or $40. On the $2,000 between $14,000 and $16,000, the surtax would be 2%, or $40. On the $2,000 from $16,000 to $18,000, the rate would be 3%, or $60. From $18,000 to $20,000, the surtax rate is 4%, or $80. The total surtax is the total of the taxes computed for each of the different portions of the income, that is the $40, and $40, and $60 and $80, or $220.

This may look complicated because of the computations that have been made for every $2,000 of income or so. As a practical matter, however, that need not be done. The return has a schedule worked out showing what the surtax is on the different amounts of income, and in that way the computation is simplified considerably.

When we have determined the total normal tax and surtax, we have gotten the biggest part of the tax calculation out of the way in the ordinary case. The next thing to consider is the so-called earned income credit. That comes up in every return, and has the effect of reducing the tax somewhat. Just how the earned income credit works will be explained in the next article.

QUESTIONS AND ANSWERS

Insurance Premiums

Q. Will you kindly advise me at your earliest convenience whether premiums paid on insurance are deductible from one's income? C. W. M.

A. I assume you have reference to premiums on personal life insurance. They are not deductible.

Stock Dividends

Q. As a subscriber to your magazine, kindly answer this question for me. I have some stock that was split up two for one. I sold the new shares "stock dividend" and now have the old shares and certificate for same. Kindly inform me if for income tax this "stock dividend" sold, is to be included as income on which I must pay a tax. C. G. S.

A. A "stock dividend" is regarded merely as a division into smaller parts of one's original holdings. Accordingly, on each share, as the dividend costs you one-half of what was the cost of a share before the dividend, the gain or loss is detailed on the basis of this readjusted cost.

Net Losses

Q. Will you please explain what is called the net loss provision in the law, whereby losses of one year under certain circumstances can be applied against the income of the next two years. E. V. F.

A. A special article will be devoted to the discussion of this subject. For present purposes it might suffice to indicate that where a net loss results from the operations of a business, it is permissible to offset the loss against income of the two succeeding years until it is fully absorbed.

New York Stock Exchange

RAILS

	1927 High	1927 Low	1928 High	1928 Low	1929 High	1929 Low	Last Sale 1/29/30	Div'd $ Per Share
A								
Atchison	200	161¾	204	182⅞	298⅝	195⅛	235½	10
Do Pfd.	106¾	99⅞	108⅛	102½	104⅞	99	103⅞	5
Atlantic Coast Line	205½	174⅞	191½	157⅛	209½	161	†169	10
B								
Baltimore & Ohio	125	106½	125⅝	103¾	145⅛	105	116	7
Do Pfd.	83	73¼	85	77	81	75	81	4
Brooklyn-Manhattan Transit	70⅞	53	77¾	53⅝	81⅞	40	68¾	4
Do Pfd.	88	78⅛	95⅜	82	92⅝	76½	87	6
C								
Canadian Pacific	219	165	253	195½	265⅞	185	199⅜	10
Chesapeake & Ohio	218½	151¾	218¾	175½	279¾	160	214½	10
C. M. & St. Paul & Pacific	19⅜	9	40½	22¼	44⅞	16	24¾	..
Do Pfd.	37½	..	59⅝	37	68⅝	28⅛	42¼	..
Chicago & Northwestern	97½	78⅜	94¼	78	108½	75	86½	5
Chicago, Rock Is. & Pacific	116	68⅛	139⅝	106	143½	101	117¾	7
Do 7% Pfd.	111¾	102¾	111⅛	105	109	100	†107½	7
D								
Delaware & Hudson	230	171⅛	226	163¼	226	141½	171½	9
Delaware, Lack. & Western	173	130⅛	150	125¼	169¾	120¼	136	7
E								
Erie R. R.	69¾	39⅛	72½	48¾	93⅛	41½	57	..
Do 1st Pfd.	66¼	52⅝	63⅞	50	66¼	55½	61¾	4
Do 2nd Pfd.	64½	49	62	49¼	63⅞	52	†57½	4
G								
Great Northern Pfd.	103⅞	79⅞	114¾	93½	128¼	85¼	96¼	5
H								
Hudson & Manhattan	65⅞	40½	73⅛	50⅛	58⅜	34½	43⅜	3½
I								
Illinois Central	139⅝	121⅛	148¾	131¾	153½	116	†128½	7
Interborough Rap. Transit	52⅛	30½	62	29	58⅜	15	27⅞	..
K								
Kansas City Southern	70¼	41⅛	95	43	108⅞	60	77¼	5
Do Pfd.	73½	64⅞	77	66⅛	70⅛	63	†67	4
L								
Lehigh Valley	137½	88½	116	84⅛	102¼	65	†71½	4½
Louisville & Nashville	159⅛	128⅞	159½	139⅜	154¾	110	†130	7
M								
Mo., Kansas & Texas	56½	31½	58	30½	65¾	27⅛	53¼	4
Do Pfd.	109½	95¾	109	101½	107⅛	93⅞	104½	7
Missouri Pacific	62	37⅞	76¼	41⅛	101⅜	46	90	..
Do Pfd.	118⅝	90⅞	126⅞	105	149	105	137⅝	5
N								
New York Central	171½	137⅛	196½	156	256½	160	176	8
N. Y., Chic. & St. Louis	240½	110	146	121¼	192⅝	110	135	6
N. Y., N. H. & Hartford	63¼	41⅝	82¾	54⅜	132½	80⅞	111¾	6
N. Y., Ontario & Western	41¾	23¼	39	24	33	8	14⅛	..
Norfolk & Western	202	156	198½	175	290	191	236	10
Northern Pacific	102⅛	78	118	92⅜	118⅞	75⅛	85¼	5
P								
Pennsylvania	68	56¾	76⅞	61⅞	110	72½	78¾	4
Pere Marquette	140½	114½	154	124⅞	260	140	†150	8
Pittsburgh & W. Va.	174	122½	163	121¼	148¾	90	†118⅛	6
R								
Reading	123¾	94	119⅝	94¼	147⅝	101½	126¾	4
Do 1st Pfd.	43½	40½	46	41½	50	41½	†46½	2
Do 2nd Pfd.	50	43¾	59⅞	44	60⅜	43⅝	51⅛	2
S								
St. Louis-San Fran.	117¼	100¾	122	109	133¾	101	109⅞	8
St. Louis-Southwestern	93	61	124½	67½	115¾	50	†63	..
Seaboard Air Line	41⅛	28⅛	30½	11⅝	21¾	9⅛	9¾	..
Do Pfd.	45⅝	32⅛	38	17	41⅜	16¼	23¼	..
Southern Pacific	126⅞	106¼	131¼	117⅝	157⅛	105	121¼	6
Southern Railway	149	119	165	139½	162⅛	109	136	8
Do Pfd.	101⅛	94	102¼	96⅝	100	93	†98	5
T								
Texas & Pacific	103⅞	53⅞	194⅝	99⅛	181	115	120	5
U								
Union Pacific	197¾	159⅛	224⅞	186½	297⅝	200	219½	10
Do Pfd.	85¾	77	87¼	82½	85½	80	83	4
W								
Wabash	81	40½	96¼	51	81¾	40	56	..
Do Pfd. A	101	76	102	88⅛	104⅞	82	†84	5
Western Maryland	67⅞	13¾	54¾	31¾	54	10	25½	..
Do 2nd Pfd.	67½	23	54⅞	33⅛	53⅛	14⅝	26	..
Western Pacific	47½	25⅛	38½	28¼	41⅞	15	†24	..
Do Pfd.	76⅜	55	62¼	52½	67¾	37½	45½	..

Industrials and Miscellaneous

	1927 High	1927 Low	1928 High	1928 Low	1929 High	1929 Low	Last Sale 1/29/30	Div'd $ Per Share
A								
Abitibi Power & Paper	150¼	83	85	36¼	57⅞	34¼	27⅛	..
Abraham & Straus	118¾	62¼	142	90	159½	43	52½	..
Advance Rumely	15¾	7⅝	65	11	104⅞	11½	19¼	..
Air Reduction, Inc.	199⅛	134½	99⅝	59	223⅜	77	119⅝	4½
Ajax Rubber, Inc.	13¾	7½	14⅜	7½	11⅛	1	2⅛	..
Allied Chemical & Dye	169¼	131	252¾	146	354¾	197	274	6
Allis Chalmers Mfg.	118¾	88	200	115⅛	75⅛	35⅛	57	3
Amer. Agricultural Chem.	21½	8⅛	26	15⅝	26⅝	4	7¾	..
Amer. Bank Note	98	41	159	74¾	157	65	81	3
Amer. Bosch Magneto	26¾	18	44⅝	15⅜	76⅛	27	43½	..
Amer. Brake Shoe & Fdy.	46	35½	49⅛	39⅞	62	40½	48½	2.40
American Can	77⅝	43⅝	117⅛	70⅛	184½	86	127⅛	5
Amer. Car & Fdy.	111	95	111½	88¼	106½	75	81	6
Amer. & Foreign Power	31	18⅞	85	22⅝	199½	50	91¾	..
American Ice	32	25¾	46¾	28	54	29	37½	4
Amer. International Corp.	72⅜	37	150	71	96⅝	29½	39⅝	2
Amer. Metal Co., Ltd.	49⅝	36⅛	68¾	39	81⅜	31½	46⅜	3
Amer. Power & Lt.	73¾	54	95	62¼	175⅝	64¼	85⅜	1
Amer. Radiator & S. S.	147⅞	110⅛	191½	130⅝	[illegible]	28	33⅛	1½
Amer. Safety Razor	64⅞	48	74¾	56	[illegible]	44	61⅛	5
Amer. Smelting & Refining	188¾	132⅝	293	169	130½	62	73¼	4
Amer. Steel Foundries	72¾	41⅛	70⅝	50⅝	79⅛	35¾	48	3
Amer. Sugar Refining	95¾	65¼	98⅛	55	94¾	56	63	5

Price Range of Active Stocks

Industrials and Miscellaneous—(*Continued*)

	1927		1928		1929		Last Sale	Div'd $ Per
	High	Low	High	Low	High	Low	1/29/30	Share
A								
Amer. Tel. & Tel.	185½	149¼	211	172	310½	193¼	222⅝	9
Amer. Tobacco Com.	189	1ぃ0	184⅜	152	232½	160	218½	10
Amer. Type Founders	146	119⅞	142¼	109⅞	181	115	127¼	8
Amer. Water Works & Elec.	72⅛	46	76½	52	199	50	92	1
American Woolen	33⅜	16½	32⅜	14	27⅞	5⅞	10½	..
Amer. Zinc, Lead & Smelt.	10¼	5¾	57	6⅜	49¼	7	15¼	..
Anaconda Copper Mining	60½	41¼	120¼	54	140	67¼	74¾	7
Armour of Ill. Cl. A	15⅞	8¼	23½	11¼	18⅜	5⅛	5⅞	..
Do Cl. B	9⅛	5	13½	6⅝	10¼	2¾	3	..
Arnold-Constable Corp.	55½	21	51¾	35¼	40⅛	6¼	†8	..
Assoc. Dry Goods	53⅝	39½	75½	40¼	70¾	25	32⅜	2½
Atlantic, Gulf & W. I. S.S. Line	43½	30⅝	59⅞	37⅛	86⅛	32⅛	74¾	..
Atlantic Refining	131⅜	104	66½	50	77⅞	30	37¾	2
Austin, Nichols & Co.	10¼	4¼	9¼	4⅜	11¼	3⅛	5½	..
B								
Baldwin Loco. Works	265¾	143⅛	285	235	66⅝	15	32⅛	1.75
Barnsdall Corp. Cl. A	35½	20¾	53	20	49⅛	20	22⅜	2¼
Beech Nut Packing	74¼	50¼	101⅛	70⅜	101	45	69	3
Bethlehem Steel Corp.	66½	43¾	86⅜	51⅞	140¾	78¼	99½	6
Borden Company	169	167½	187	152	100½	53	65⅛	3
Briggs Mfg.	36⅜	19½	63⅝	21⅛	63⅛	8½	15⅝	..
Bucyrus-Erie Co.	31	21½	48¾	24½	42¾	14	22⅞	1
Burns Bros. Cl. A Com.	125¾	85½	127	93½	127	88	103	8
Do Cl. B Com.	34¾	16¼	43⅜	15⅞	39	22⅝	25	..
Byers & Co. (A. M.)	102¾	42	206¾	90½	192⅞	50	85⅞	..
C								
California Packing	79	60¼	82⅝	68½	84⅞	63½	68¾	4
Calumet & Arizona Mining	123½	61⅛	133	89	136¾	73½	85¼	10
Calumet & Hecla	24¾	14¼	47⅜	20⅛	61⅞	25	31	4½
Canada Dry Ginger Ale	60⅛	36	86½	54⅞	98¾	45	69¼	5
Cerro de Pasco Copper	72½	58	119	58⅛	120	52¼	63	6
Chile Copper	44⅜	33⅛	74⅞	37⅜	127½	53	†61	5
Chrysler Corp.	63½	38⅛	140½	54¾	135	26	35¾	3
Coca Cola Co.	199½	96½	180½	127	154½	101	144¾	4
Collins & Aikman	113⅜	86	111⅜	44⅛	72¼	10	23½	..
Colorado Fuel & Iron	96⅜	42⅝	84½	52½	78½	27¾	44½	..
Columbian Carbon, V. T. C.	101¼	66⅞	134¾	79	344	105	183½	6
Colum. Gas & Elec.	98¾	82⅞	140⅞	89½	140	52	80⅞	2
Commonwealth Power	78¾	48⅝	110½	62¼	246	105	†132	4
Congoleum-Nairn, Inc.	29¾	17¼	31½	22	35¾	11	16¼	..
Congress Cigar	88½	47	87¼	67	93⅜	43	†48	5⅜
Consolidated Gas of N. Y.	125¾	94	170¼	74	183¼	80⅛	107¼	4
Continental Baking Cl. A	74⅞	33½	53½	26½	90	25¼	43¾	..
Do Cl. B	10¼	4	9⅜	3¾	15¼	4⅝	5⅞	..
Continental Can, Inc.	86⅞	58¾	128⅞	53	92	40½	55½	2½
Continental Motors	13¾	8⅞	20½	10	28⅝	6⅛	6⅝	..
Continental Oil	..	..	..	..	47⅛	48	22½	..
Corn Products Refining	68	46⅞	94	64⅜	126⅜	70	..	3¾
Crucible Steel of Amer.	96¾	76½	93	69¼	121¾	71	†89½	5
Cuba Cane Sugar	10¾	4⅞	7½	4⅜	5½	¾	1	..
Cuban-Amer. Sugar	26½	18⅞	24¼	15⅜	17	6⅞	8	..
Cudahy Packing	58¾	43½	78¼	54	67⅞	36	45	4
Cuyamel Fruit	55½	30	63	49	126½	63	†96	2
D								
Davison Chemical	48½	26¼	68¾	34⅜	69⅛	21¼	33⅛	..
Drug, Inc.	..	..	120½	80	126⅛	69	78⅜	4
Du Pont de Nemours	343⅞	168	503	310	231	80	116½	4
E								
Eastman Kodak Co.	175¼	126¼	194¼	163	264¾	150	193½	8
Eaton Axle & Spring	29¾	21¼	68½	26	76¾	18	..	..
Elec. Power & Light	32⅜	16½	49⅜	28¾	86⅝	29⅛	59	1
Elec. Storage Battery	79½	63¼	91½	69	104½	55	71	5
Endicott-Johnson Corp.	81¼	64¾	85	74¾	83⅜	49¼	59⅛	5
Engineers Pub. Service	39⅝	21¾	51	33	49⅝	31	45¼	1
F								
Federal Light & Traction	47	37½	71	42	109	60½	†60	1½
Fisk Rubber	20	14¾	17¾	8⅞	20⅛	2⅛	4	..
Fox Film Cl. A	85½	50	119⅝	72	105⅝	19⅛	30⅞	$4
Freeport Texas Co.	106½	34¼	109¼	43	54⅞	23¾	42	5
G								
General Amer. Tank Car	64⅜	46	101	60⅞	123½	75	103⅞	4
General Asphalt	96¾	65	94⅞	68	94¾	42¼	51	4
General Electric	146⅝	81	221½	124	403	168⅛	261	6
General Foods	..	..	..	..	81¾	35	..	..
General Motors Corp.	141	113¼	224¾	130	91¾	33½	40¼	3.30
General Railway Signal	153¼	82⅛	123⅝	84¼	126½	70	91½	5
Gold Dust Corp., V. T. C.	78¾	42	143¼	71	82	31½	44⅜	2½
Goodrich Co. (B. F.)	96½	42¾	109¼	68½	105¾	38¼	45	4
Goodyear Tire & Rubber	69⅜	48⅜	140	45⅛	154½	60	71⅛	5
Graham-Paige Motors	..	..	61¼	16¾	54	7⅜	9½	..
Granby Consol. Min., Smelt. & Pr.	45	31⅛	93	39⅛	102⅞	46¼	56½	8
Great Western Sugar	44⅝	35⅛	38½	31	44	28	30¼	2.80
Greene Cananea Copper	151½	29¼	177¼	89⅜	200½	106	†90	8
Gulf States Steel	64	40	73⅞	51	79	42	58½	4
H								
Hershey Chocolate	40¼	37⅞	72½	30¾	143⅞	45	78	5
Houston Oil of Texas Tem. Ctfs.	175	60⅛	167	79	109	26	57	..
Hudson Motor Car	91½	48¼	99⅞	75	93½	38	56¾	5
Hupp Motor Car	36¼	16	84	29	82	18	22½	2
I								
Inland Steel	62⅜	41	80	46	113	71	†75¼	3½
Inspiration Consol. Copper	25½	12½	48⅞	18	66¾	22	29	4
Inter. Business Machines	119¾	53⅛	166⅜	114	225	109	166	6
Inter. Cement	65⅜	45¼	94⅞	56	102¾	48	61⅜	4
Inter. Comb. Eng. Corp.	64	40⅛	80	45¼	103½	4½	8½	..
Inter. Harvester	255⅝	135⅜	97⅞	80	142	65	88⅛	2½
Inter. Mercantile Marine	8¾	3⅛	7⅜	3¾	39⅛	18⅛	*26½	1
Inter. Nickel	89½	38¼	269⅛	73⅝	72¾	25	37¼	1
Inter. Paper "A"	81½	39⅛	86⅜	50	112	57	27	2.40
Inter. Tel. & Tel.	158⅞	122¼	201	139½	149¼	53	67½	2
J								
Johns-Manville	126	55½	202	96¼	242¾	90	133⅜	3
K								
Kelly-Springfield Tire	32¼	9½	25⅛	19⅛	24	3⅛	5⅛	..
Kennecott Copper	90⅜	60	156	80⅛	104⅞	49⅝	59	5
Kresge Co. (S. S.)	77¼	45⅞	91⅜	65	57½	28	33⅝	1.60
Kroger Grocery & Baking	145	119	132¼	73¼	122⅛	36¼	45⅛	1

New York Stock Exchange Price Range of Active Stocks

Industrials and Miscellaneous—*(Continued)*

	1927 High	1927 Low	1928 High	1928 Low	1929 High	1929 Low	Last Sale 1/29/30	Div'd $ Per Share
L								
Lehn & Fink	43	32⅝	64⅞	38	68½	28	33¼	3
Liggett & Myers Tob	128	87½	122½	83⅛	106	80¼	101	5
Lima Loco. Works	76⅝	49	65⅞	38	57¾	31	41⅛	..
Loew's, Inc.	63⅝	48⅞	77	49⅛	84½	32	57⅛	3
Loose-Wiles Biscuit	57⅛	35½	88⅜	44¼	88⅝	39⅛	57⅞	2.60
Lorillard	47⅝	23⅛	46⅞	23¾	31½	14¼	23⅛	..
M								
Mack Truck, Inc.	118⅜	88¼	110	83	114¾	55½	73⅛	6
Magma Copper	58¾	29½	75	43¾	82½	35	48¼	5
May Dept. Stores	90⅝	66¾	113⅛	75	108½	45⅛	55⅛	2
McKeesport Tin Plate	..	..	78⅝	62⅛	82	54	65	4½
Mexican Seaboard Oil	9¼	3	73	4⅝	69⅜	9¼	20⅜	..
Miami Copper	20⅜	13⅛	33	17⅜	54⅛	20	31	4
Mont. Ward & Co.	121½	60⅜	156½	115¼	156⅞	42⅝	43⅝	3
Murray Body	43	16¼	124¼	21½	100⅞	14⅞	21¼	2%stk
N								
Nash Motor Co.	101⅞	60⅛	112	80¼	118⅞	40	52⅝	6
National Biscuit	187	94¾	195¼	159⅛	236¾	140	198⅞	7
National Cash Reg.	51⅝	39⅞	104¾	47¼	148¾	59	78½	4
National Dairy Prod.	68⅞	59¼	133⅛	64½	86½	36	47½	2
National Enameling & Stamp	35⅝	19⅛	57⅞	23¼	62¼	25½	†28	2
National Lead	203¾	*95	136	115	210	129¼	154	5
National Power & Light	26¾	19¼	46⅝	21⅞	71¾	23	35¼	1
Nevada Consol. Copper	20⅝	12¾	42⅜	17¾	62⅞	23¼	29½	3
N. Y. Air Brake	50	39¼	50⅛	39⅞	49¾	35½	44⅞	3.00
North American Co.	64⅛	45⅝	97	58⅝	186¾	66½	97⅞	10%stk
O								
Otis Steel	12⅛	7⅛	40⅛	10⅛	55	22¼	33¾	2½
P								
Packard Motor Car	62	33¾	163	56¼	32⅛	13	16	1
Pan-American Pet. & Trans.	65⅞	40⅛	55⅛	38¼	60	40¼	52	..
Paramount Famous Lasky	115⅜	92	56⅜	47¼	75⅛	35	61	3
Phila. & Reading C. & I.	47⅝	37⅞	39¾	27⅜	34	9⅛	14⅞	..
Phillips Petroleum	60¼	36¼	53⅞	35¼	47	24¼	33	2
Pierce-Arrow Cl. A	23⅝	9⅛	30⅞	18⅛	37⅞	18	23	..
Pillsbury Flour Mills	37½	30⅞	58⅞	32⅜	63⅞	30	36⅛	2
Pittsburgh Coal of Penna.	74½	32⅝	78⅞	36⅛	83¾	54	49⅞	3
Pressed Steel Car	78¼	26⅛	33⅛	18	25⅜	6⅛	10⅜	..
Public Service of N. J.	46⅞	32	83½	41⅛	137¾	54	87¾	3.40
Pullman, Inc.	84¾	73¾	94	77⅞	99¼	73	83¾	4
Pure Oil	33⅛	25	31¼	19	30¾	20	23¼	1½
R								
Radio Corp. of America	101	41⅛	420	85¼	114¾	26	35	..
Remington-Rand	47¼	20½	36½	23⅛	57¾	20⅜	32	.50
Reo Motor Car	26⅞	25⅛	35¼	22⅛	31⅞	10⅛	11	.80
Republic Iron & Steel	75⅝	53	94⅛	49⅛	146¼	62¼	75	4
Reynolds (R. J.) Tob. Cl. B	162	98⅛	165½	126	66	39	53⅝	3
Richfield Oil of Calif.	28⅝	25⅝	56	23⅛	49⅝	20	25½	2
S								
Savage Arms Corp.	72½	43⅛	51	36¼	51⅞	20½	28½	2
Schulte Retail Stores	57	47	67⅛	35¾	41⅛	3½	8⅞	..
Sears, Roebuck & Co.	91½	51	197½	82⅛	181	80	92½	2½
Shell Union Oil	31⅛	24⅝	30⅜	23¼	31¾	19	22⅞	1.40
Simmons Co.	64¾	33½	101⅜	55¾	188	59½	90½	3
Sinclair Consol. Oil Corp.	22⅜	15	46¾	17⅝	45	21	24⅞	2
Skelly Oil Corp.	37⅜	24⅛	42⅝	25	46½	23	30½	2
Spicer Mfg. Co.	28⅞	20½	51⅝	23⅛	66¾	20⅛	27	..
Standard Brands	..	..	..	..	44¾	20	27	1½
Standard Gas & Elec. Co.	66¾	54	84⅝	57⅞	243¾	73⅛	114¼	3½
Standard Oil of Calif.	60¾	50⅜	80	53	81⅞	51½	59¾	2½
Standard Oil of N. J.	41⅜	35⅛	59¾	37¾	83	48	63¼	2
Standard Oil of N. Y.	34⅛	29¾	45½	28¾	48⅛	31¾	32⅝	1.60
Stewart-Warner Speedometer	87⅛	54¼	128⅛	77¼	77	30	41½	3½
Studebaker Corp.	63⅛	49	87½	57	98	38¼	44⅞	5
T								
Texas Corp.	58	45	74¾	50	71⅞	50	54	3
Texas Gulf Sulphur	81⅝	49	82½	62⅛	85¼	42½	60⅜	4
Texas Pacific Coal & Oil	18⅞	12	26⅝	12⅛	23⅞	9½	9¾	10%stk
Tide Water Assoc. Oil	19⅛	15⅝	25	14⅜	23½	10	12⅛	.60
Timken Roller Bearing	142½	78	154	112⅝	139⅜	58½	73⅛	3
Tobacco Prod. Corp.	117⅝	92⅜	118⅛	98	22½	1	5⅛	..
Transcontinental Oil temp. ctf.	10⅝	8¾	14⅛	6¾	15¼	5⅛	9	..
U								
Underwood-Elliott-Fisher	70	45	93⅞	63	181⅜	82	116⅛	5
Union Carbide & Carbon	164½	99⅛	209	136⅛	140	59	85	2.60
Union Oil California	56⅛	39⅝	58	42¾	57	42⅛	44¼	2
United Cigar Stores	38⅛	32⅜	34⅝	22⅞	27½	3	6⅞	..
United Fruit	150	113⅛	148	131½	158½	99	103¼	4
U. S. Cast Iron Pipe & Fdy.	246	190½	53	38	243⅝	95	24¼	2
U. S. Industrial Alcohol	111⅛	69	138	102⅛	55⅞	12	113	7
U. S. Rubber	67⅛	37¼	63½	27	65	15	25⅛	..
U. S. Smelting, Ref. & Mining	48⅞	33⅜	71½	39½	72⅞	29⅞	34½	3½
U. S. Steel Corp.	160½	111⅜	172½	132⅜	261¾	150	177	7
V								
Vanadium Corp.	67⅛	37	111⅛	60	116½	37⅛	64⅛	4
W								
Warner Bros. Pictures	45⅛	18¼	139¼	80⅞	64½	30	52⅞	4
Western Union Tel.	176	144½	201	139½	272¼	155	203	8
Westinghouse Air Brake	50⅛	40	57⅞	42⅛	67¾	26½	46⅛	2
Westinghouse Elec. & Mfg.	94¾	67⅝	144	88⅛	292⅝	100	153	5
White Motor	58⅜	30¼	43¾	30¼	53½	27¼	32⅞	2
Willys-Overland	24¾	13½	33	17¾	35	5¼	8½	1.20
Woolworth Co. (F. W.)	198⅛	117¾	225¾	175½	103⅞	52¼	68¾	2.40
Worthington Pump & Mach.	46	20⅛	55	28	137⅜	43	76¼	..
Wright Aeronautical	94¾	24½	289	69	149½	30	†35½	2
Y								
Youngstown Sheet & Tube	100⅛	80⅛	115⅝	83½	143	91	†111	5

* Ex-dividend. † Bid Price. § Scrip.

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Important Dividend Announcements

NOTE—To obtain a dividend directly from the company the stockholder must have his stock transferred to his name before the date of the closing of the company's books.

Ann'l Rate		Amount Declared		Stock Record	Payable
$7.00	Am. & F. Pr. 2d pfd. A	$1.75	Ac	2-10	3-1
3.00	Borden Co.	.75	Q	2-15	3-1
4.00	Buckeye Pipe Line....	1.00	Q	2-21	3-15
2.40	Childs Co. com........	.60	Q	2-21	3-10
7.00	Childs Co. pfd........	1.75	Q	2-21	3-10
.30	Cities Service com....	.02½	Mo	2-15	3-1
Stk.	Cities Service com....	½%	Mo	2-15	3-1
6.00	Cities Service pfd....	.50	Mo	2-15	3-1
6.00	Cities Service pref. BB.	.50	Mo	2-15	3-1
.60	Cities Service pfd. B.	.05	Mo	2-15	3-1
1.80	Commonw. & South....	.15	Q	2-10	3-1
7.00	Consol. Cigar pfd.....	1.75	Q	2-15	3-1
7.00	Fairbanks Morse pfd..	1.75	Q	2-11	3-1
4.00	Gen. Cable Cl. A......	1.00	Q	2-13	3-1
7.00	Gen. Cigar pfd........	1.75	Q	2-21	3-1
7%	Int. Agricult. Corp. prior pfd.	1¾%	Q	2-15	3-1
Stk.	Kroger Groc. com.....	1%	—	2-10	3-1
3.00	Lehn & Fink, Inc....	.75	Q	2-14	3-1
2.60	Link Belt com.........	.65	Q	2-15	3-1
7.00	Nat. Bellas Hess pfd.	1.75	Q	2-18	3-1
7.00	Nat'l Biscuit pfd.....	1.75	Q	2-14	2-28
1.00	Nat'l Pr. & Lt. com..	.25	Q	2-14	3-1
1.00	Packard Motor Car...	.25	Q	2-15	3-12
6.00	Pierce-Arrow pfd.	1.50	Q	2-10	3-1
7.00	Sherwin-Williams pfd.	1.75	Q	2-15	3-1
2.00	Skelly Oil	.50	Q	2-14	3-15
4.00	Warner Bros. com....	1.00	Q	2-10	3-1
2.20	Warner Bros. pfd....	.55	Q	2-10	3-1
2.40	Woolworth	.60	Q	2-10	3-1
6.00	Wrigley, Wm., Jr....	.50	Mo	2-20	3-1

The Heart of the Fifth Trunk Line

(Continued from page 615)

5% dividend a year on the preferred "A" stock and approximately $246,000 for the 5% dividend on the preferred "B." This makes a total of $3,713,000 for the two issues. It could be saved for the common if they were out of the way. Of course, it would cost money to call the preferred "A" at 110. Just how the necessary funds could be provided has not been revealed in official circles. It is believed, however, that a plan has been under at least informal consideration for some time to clear the road of the two preferred stocks on terms that would be attractive to their holders and still favorable to owners of the common stock.

Then Wabash would have only one issue of stock, the present common, of which at the end of 1928 there was $66,697,775 outstanding. It would be desirable, not only to be rid of the preferred issues, but also to have the common on a reasonable dividend basis, for the purposes of consolidation as well as general credit.

Consolidation Position

This is assuming that the Wabash management is planning to go ahead with consolidation. There is reason for believing that it has no other intention. Whether finally it will be permitted by the I. C. C. to do so is another question that is fraught with many possibilities.

Baltimore & Ohio put both Wabash and Western Maryland in its merger plan that it filed with the Commission just about a year ago. Seemingly it had a perfect right to include Western Maryland, as it had owned over 40% of the outstanding stock for some time. While B. & O. did not claim to own any Wabash at the time of filing its plan, and probably does not now, its officials and directors thought then, and still think, that if they are to have a fair chance with Pennsylvania, the Van Sweringen lines and New York Central, particularly in the territory under the Great Lakes, B. & O. should have the Wabash.

Baltimore & Ohio management is not only still of this opinion, but also thinks that there is ground for reasonable doubt as to whether the I. C. C. finally will stand for a fifth system in Eastern Territory. In the event that it reverses itself on this question, B. & O. would be inclined to think that it would still have a fair chance to get Wabash and also to retain Western

Maryland, notwithstanding the order of the Commission recently to divest itself of that stock within six months.

Obviously, if the I. C. C. were to abandon its idea for a fifth system and authorize only four in Eastern Territory, the Wabash merger plan would "go by the board."

If, as a result of the proposed Congressional investigation of holding companies, etc., the Pennsylvania should be compelled to give up its Wabash then B. & O. would have a still better chance to get it. That would not mean that the Wabash would lose in either intrinsic or market value. In all probability bidding for the stock would enhance the latter, for a time at least.

Whether Wabash is permitted to go on with its own merger plan or whether control of the property lands with B. & O. or some other strong system, or whether operation of the road as an independent line, as at present, continues, the outlook for it seems bright.

As at present constituted, the Wabash is a railroad with a trifle more than 2,000 miles of owned and 2,500 miles of operated line. It serves the rich territory under the Great Lakes from Buffalo westward to Chicago, to St. Louis and Kansas City in the southwest and to Omaha in the far Central West, as well as such intervening cities as Akron, Toledo and Detroit.

The merger plan proposed by the Wabash calls for a system of 7,044 miles of line, aggregate property value of $950,642,863, combined gross earnings for 1928 of $233,107,073 and net operating income for the same period of $44,875,656.

It was proposed to acquire Lehigh Valley, Wheeling & Lake Erie, Pittsburgh & West Virginia, Western Maryland and the stocks of several small roads, by the purchase of their shares or by lease, and to obtain extensive trackage rights over Pennsylvania, Reading and Grand Trunk Western. The grouping set up for the Wabash by the I. C. C. makes the surprising additions of Norfolk & Western and Seaboard Air Line. The taking over of these properties would seem to involve many complications.

The company's plan stipulated that its fundamental purpose was "to furnish, under Commission authority, an independent trunk line based on the lines of the Wabash Railway," between the Eastern and Western termini already mentioned, with valuable connections to New York, Baltimore and New England points.

With the property in its present physical and financial condition, with earnings at about the present rate and the probability of still larger returns, apart from the benefits that would accrue from the retirement of the preferred stocks, the common would seem

a good purchase as a non-dividend payer, as it is just now, and particularly with the probability of entering the dividend paying class in the not distant future. Once in that class, and even before, it should sell materially above the current price of about $56.50 a share.

Answers to Inquiries

(*Continued from page 632*)

ly to economies rather than to any great increase in sales, although sales have expanded encouragingly. The company has made considerable progress toward relieving the common stockholders of carrying the burden of an unwieldly capitalization, and has retired part of its preferred stock and bonds, making a total improvement to November, 1929, of $4,173,000 in the capital structure to the benefit of common shareholders. It is understood that further retirements will be continued as earnings allow. The company holds a strategic position in its field and with earnings registering marked improvement, the resumption of dividends on the common stock seems a reasonable possibility in the not distant future. We are of the belief that patient shareholders will eventually be rewarded and see no reason for accepting a loss on your commitment.

WARNER BROS. PICTURES, INC.

On account of the substantial recovery in Warner Brothers common from its low of 30, would you recommend closing out 100 shares around 50—the price I paid. Do you think the $4 dividend rate is secure? Isn't the stock open to another severe break if there are any definite developments in the suit against the company for alleged violation of the Clayton Act?—D. E. L., Richmond, Ind.

Warner Bros. Pictures, chartered in 1923 as successor to a business established in 1915, is one of the largest independent operators in the motion picture industry and is also the pioneer in the production of talking moving pictures. In return for the development work in connection with sound pictures, the company receives, through a subsidiary, the Vitaphone Corp., royalties on all films produced under Western Electric patents, and is licensed by the latter organization to make sound pictures in Germany and the British Isles. The company is strongly situated in the exhibition field through ownership of 87% of the stock of Stanley Co. of America and entire ownership of First National Pictures. Warner Bros. has

rapidly expanded its chain of theatres having added over 50 since July 1st last. Net income has increased at a remarkable rate since 1926, net for the year ended August 31st, 1929, equaling $6.33 per common share compared with only 3 cents per share recorded for the 1926-27 fiscal period. This gain is being maintained in the current fiscal year, net for the first quarter having shown a substantial increase. However, the situation is somewhat clouded by the recent suit filed by the Federal Government for violation of the Clayton Act and it is impossible at this time to forecast accurately the outcome of this suit. This renders the issue distinctly speculative but the record earnings being achieved somewhat offset this factor and if you can assume a degree of risk, we would not oppose further retention. On the other hand, the shares may continue somewhat sensitive marketwise, pending more definite developments in the aforementioned suit.

PITTSBURGH PLATE GLASS CO.

Will you please let me have a detailed analysis and your opinion of the 1930 outlook for Pittsburgh Plate Glass? I have 50 shares at 71. Shall I continue to hold?—G. H. D., McKeesport, Pa.

The Pittsburgh Plate Glass Co., ranking as the leading factor in the plate glass industry, and adding various new lines to this basic output, has been able to withstand unsettled conditions in the glass industry better than some of its competitors due to the diversity of its products. In addition to making both plate and window glass, it produces paint, varnish, brushes, cement and a wide variety of chemicals. The paint branch in particular has been profitable. Low cost continuous production methods have been installed at the company's plants, and further reduction in costs may be accomplished after completion of an $8,000,000 betterment program now under way. Earnings showed a downward trend in 1925, 1926 and 1927 but economies resulting from improved production methods have strengthened the company's position in the past two years. Net income in 1928 was equivalent to $3.91 per share of capital stock, a material improvement over the $3.27 a share reported in the previous year. These figures are after liberal allowances for depreciation and similar charges. It has been estimated that 1929 earnings will total more than $5.50 a share on the 2,166,524 shares of capital stock, which are on an annual dividend basis of $2 a share. An extra disbursement of $1 a share was made in the final quarter of 1929, in keeping with the policy of the company in paying extra dividends when conditions warrant. Cash extras have been paid in each year since 1920, at varying rates. The company is in a strong financial position and there is no preferred stock or funded debt, the capital stock comprising the sole capitalization. As a result of improved volume, lower cost methods, and diversity of products, continued prosperity for the company seems assured. We assume a constructive attitude toward the company's future and counsel continued retention of your shares.

E. I. duPONT de NEMOURS CO.

The dubious outlook which many forecast for the automobile industry would seem to indicate that 1930 may be a poor year for du Pont. Does the present outlook for the company hold out any hope for du Pont stockholders that there may be a substantial recovery in their stock in the near future? I am anxious to make up the 75 point loss which I have and would appreciate your suggestions.—D. M. D., Macon, Ga.

This company is one of the largest and most comprehensive of our industrial organizations, being the leading unit in the powder and explosives industry, besides owning large interests in rayon dyestuffs, paints, varnishes and chemicals. In addition the company owns approximately 23% of General Motors common stock. DuPont was incorporated in 1915 under Delaware laws, successor to a powder company of the same name, since which time a steadily increasing scope of operations and earnings has been achieved, if we omit the depression years of 1921 and 1922. As striking evidence of this fact, net income of $5,762,000 reported in 1921 advanced to $81,999,000 in the year just closed. Comment on the company's financial condition must take into consideration its double function as a rich investing corporation and a manufacturing organization possessing ample resources. Current assets on December 31st, 1929, totalled $106,996,000 against current liabilities of $22,398,000, a ratio of almost five to one, while surplus account stood at the huge total of $144,920,000, the General Motors holdings being carried in the balance sheet at only $16.50 per share, whereas they are currently worth more than twice this figure. Net earnings for 1929 equalled $7.09 on the average number of shares outstanding. One of the points which may fairly be stressed in the 1929 report is the fact that net for the final quarter amounted to $1.55 per share against $1.08 per share for the last three months of 1928, giving no indication of any depression in operations or net income in this period. While the slump in the automobile industry

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may cause some falling off in earnings for the current year, it would appear that this possibility has been thoroughly discounted at prevailing levels. In any event the diversified nature of the company's business, strong financial position and high grade management suggest ability to hold its own under any and all conditions. There is no reason for apprehension on the part of stockholders and we urge retention of holdings.

MILLER RUBBER CO.

Now that the news is out concerning the proposed merger with Goodrich, shall I close out 100 *shares of Miller Rubber common which cost me* 18 *or continue to hold pending further developments? What is the nearby outlook for Goodrich common? Is the $4 dividend secure?—J. A. H., Memphis, Tenn.*

The Miller Rubber Co. was incorporated in Ohio in 1906 and formerly ranked as one of the most profitable organizations in the automobile tire and general rubber goods manufacturing industry, but its earnings record since 1925 has been poor, nothing having been earned for the common stock in the past five years. A net loss of $3,435,000 reported in 1928 was followed by another loss of $664,000 in the first half of 1929, with another deficit expected for the full year. As you doubtless know, the merger terms with the B. F. Goodrich Co. call for an exchange of 11 shares of Miller Rubber common for one of Goodrich common. While we believe your present position would be materially improved by this exchange to a stronger organization with a much better past record, in view of the severe depression and unfavorable conditions surrounding the tire and rubber industry as a whole, we believe disposal the more suitable course with the idea of transferring your funds to more attractive issues.

U. S. INDUSTRIAL ALCOHOL CO.

Would you advise closing out 50 *shares of U. S. Industrial Alcohol even with a* 40*-point loss? I am worried because of the reported new synthetic alcohol process of one of its competitors and the impending anti-trust suit by the Department of Justice. Don't you think I would be wise to sell immediately and avoid a dangerous situation? Will you please let me have your views by air mail?—E. E. J., Paducah, Ky.*

Although the largest producer and distributor of industrial or denatured alcohol in the United States, and as such, a dominant factor in the chemical industry, several adverse factors have recently appeared to cloud the future of the U. S. Industrial Alcohol Co. As a result of more favorable conditions in the alcohol industry in the initial half of 1929, earnings of the company showed an increase of 42% over the corresponding six months of 1928 amounting to $5.30 and $3.71 in the respective half years, on the same capitalization. Previous estimates of about $15 a share for the full 12 months have been revised and earnings of something over $12 a share are now looked for which would compare with $11.81 reported in 1928 and $7.01 in the previous year. However, recent unfavorable events in connection with the company have tended to curb optimism. These include the high prices for molasses, reduction of 15% in the output of alcohol this year under Government restriction, growth of competition from synthetic producers, generally lower prices of solvent chemicals other than ethyl alcohol and fears of action under the new enforcement policy of anti-trust laws. This latter development probably has been the underlying cause of sharp fluctuations in the market value of representative alcohol issues of late. It is reported that the Industrial Alcohol Institute, Inc., of which U. S. Industrial Alcohol Corp. is the strongest member, is to be made the subject of a government investigation. This organization has been credited with having played an important part in stabilizing the alcohol industry. Higher prices for alcohol have augmented earnings of producers, making possible mergers and consolidation, with the result that control of the bulk of alcohol production is now in the hands of a few companies. The methods by which these companies have practically monopolized the industry are understood to be made the subject of a goverment investigation. Although the past earnings record of the company has been good, these new unfavorable factors may be of far reaching importance, and developments should be closely watched. Naturally, the risk in holding the shares is increased accordingly.

J. C. PENNEY CO.

Can you tell me why the tentative merger of J. C. Penney with Sears, Roebuck fell through? Considering this development, would you advise getting out of Penney common without delay? Its market action for the past few weeks hasn't looked good to me. I have 40 *shares at* 97. *—H. E. L., Decatur, Ill.*

The J. C. Penney Co. was incorporated in 1913 as an outgrowth of a plan for general retail merchandising originated in 1892 with a single drygoods store at Kemmerer, Wyo. Reflecting the rapid growth achieved, there were recently some 1,400 general drygoods

and apparel stores in operation, located in every state of the Union. In keeping with this striking growth, sales and net income have revealed a remarkable increase over a period of years, 1921 sales of $46,642,000 having advanced to $209,686,000 in 1929, while net income of $1,255,000 in 1921 compares with estimated net of $12,500,000 recorded last year. It is interesting to note that with one exception, sales have shown an increase over the same month of previous year for 89 consecutive months. This reveals the excellent character of the management under which the company is operating, while a strong financial condition has always been maintained. The negotiations for a merger with Sears, Roebuck were recently discontinued as no satisfactory basis for handling of the latter's lines by J. G. Penney was found in these discussions. However, this will in no wise prevent the company from continuing to operate on a profitable basis and while the stock does not appear particularly undervalued, on the basis of estimated earnings, equal to $4.75 per share for 1929, we have no hesitation in endorsing further retention for future price enhancement.

REPUBLIC IRON & STEEL CO.

What does the near future hold for stockholders of Republic Iron & Steel in view of the recent merger? Is it to be a long drawn out process before any material improvement is seen in the market value of this stock? I have 25 shares which cost me 117. Shall I average or switch to something else?—I. R. P., New Bedford, Mass.

Important developments in connection with a merger of this company, Central Alloy Steel, Donner Steel and the Bourne-Fuller Co. into one organization to be known as the Republic Steel Corp. will raise the new corporation to third place in point of size in the entire industry, with the possibility that other companies may be added later. On its own account Republic Iron & Steel has always been an important factor in diversified steel production and added to the variety of its output by acquisition of Steel & Tubes, Inc., and Trumbull Steel in 1928. While earnings have fluctuated widely over a period of years, being typical of the industry as a whole, more recently a tendency toward greater stabilization has been noticeable. Net income of Republic Iron & Steel for the nine months to September 30th, last, equalled $8.41 per share and while some falling off took place in the final quarter indications are that the industry is now on the threshold of a seasonal revival. In connection with the

(Please turn to page 650)

Recent Reported Earning Position of Leading Companies

This department serves to provide a current record of earnings reported by leading companies. Each issue covers only those reports which are received during the fortnight immediately preceding. Net worth is calculated from the latest available balance sheet; and earnings thereon serve to measure the profit position of the company in relation to its stockholders' investment. The ratio of debt to net worth indicates, by a percentage figure, the extent of bondholders' claims as compared to stockholders' equity.

Industrials

Company	Period of Report	Earned per Dollar of Net Worth	Ratio of Debt to Net Worth	Earned per Share of Common	Market Value Jan. 27, 1930, Times Earnings	Dividend Rate
Adams Express	1929	.02	16	.49	52.8	1.60
Auburn Automobile	Year	.25	4(s)	21.23	10.3	4(ae)
Bethlehem Steel	1929	.10(p)	49	11.01(p)	9.0(p)	6
Bohack (H. C.)	11 mos.	.11	ND	6.16	9.4(g)	2½(a)
Deere & Co.	Year	.22	ND	68.60	9.0	6
Du Pont (E. I.) de Nemours	1929	.17	NM	6.99	16.9	4(a)
Freeport Texas	Year	.30	ND	5.60	7.6	4(a)
General Railway Signal	1929	.17	ND	8.25	11.2	5
Gulf States Steel	1929	.06(p)	18	5.92(p)	9.7(p)	4
Hercules Powder	1929	.19	ND	5.95	13.4	3(a)
Houdaille Hershey	11 mos.	.30	ND	4.26-AB	5.4-B(g)	2
Howe Sound	1929	.20(p)	ND	7.38(p)	5.2(p)	4(a)
Hudson Motor Car	1929	.20	ND	7.26	7.9	5
Industrial Rayon	11 mos.	.08	2(s)	7.16	14.8(g)	5(e)
Kayser (Julius) & Co.	6 mos.	.06	NM	2.73	6.7(g)	4
Kelvinator Corp.	Year	.09	19	1.03	9.7	—
Kinney (G. R.) Co., Inc.	1929	.09(p)	16	2.94(p)	7.4(p)	1(a)
Kress (S. H.) & Co.	1929	.17	1(m)	5.92	11.2	1(ae)
Lerner Stores	1929	NR	NR	6.03	8.6	2
Marmon Motor Car	9 mos.	.08	3	2.59	6.9(g)	4
Montgomery Ward	1929	.17	ND	2.60	16.9	3
National Biscuit	1929	.18	ND	8.20	24.0	7
Oilstocks, Ltd.	1929	NR	NR	1.33-AB	6.7	1½(a)
Pratt & Lambert, Inc.	1929	NR	NR	6.18	8.9	4
Purity Bakeries	1929	.20	28	7.02	12.0	4
Real Silk Hosiery Mills	1929	.25	11	9.29	5.6	5
Servel, Inc.	1929	.01(bp)	18	.44(bp)	19.3(bp)	—
Southern Pipe Line	1929	.04	ND	1.24	11.5	—
Stewart Warner, Inc.	1929	.22	ND	5.37	7.8	3½(ae)
Sun Oil	1929	.14	15	5.60	10.3	1(a)
Sweets Co. of America	1929	.09	7	1.21	7.6	1
Thompson, Starrett	6 mos.	.10	ND	.99	7.4(g)	—
United Fruit	1929	.17	ND	6.78	15.3	4
U. S. Pipe & Foundry	1929	.06(p)	ND	2.74(p)	8.8(p)	2
Ward Baking	1929	.08	13(m)	.57-B	10.9	—
White Rock Mineral Spr.	1929	NR	NR	4.36(p)	8.9(p)	3(a)

Railroads

Company	Period of Report	Earned per Dollar of Net Worth	Ratio of Debt to Net Worth	Earned per Share of Common	Market Value Jan. 27, 1930, Times Earnings	Dividend Rate
Chesapeake & Ohio	1929	.13(p)	93	21.60(p)	9.9(p)	10
Erie	1929	.04(p)	79	6.03(p)	9.6(p)	—
Hocking Valley	1929	.15(p)	77	47.12(p)	9.8(p)	10
Illinois Central	1929	.05(p)	149	9.14(p)	14.2(p)	7
Minn., St. Paul & Sault Ste. M.	1929	.03(p)	164	4.14(p)	7.7(p)	4
Missouri-Kansas-Texas	1929	.06(p)	76	5.10(p)	10.6(p)	—
Missouri Pacific	1929	.06(p)	166	10.41(ps)	8.7(p)	—
N. Y., Chicago & St. Louis	1929	.07(p)	112	15.50(p)	8.8(p)	6
N. Y., New Haven & Hartford	1929	.09(p)	114	11.72(p)	9.5(p)	6
Pere Marquette	1929	.08(p)	62	13.93(p)	11.0(p)	6(a)
Pittsburgh & W. Va.	1929	.05(p)	16	6.89(p)	17.0(p)	6
Texas & Pacific	1929	.05(p)	55	12.76(p)	9.8(p)	5
Wabash	1929	.04(p)	70	5.68(p)	9.8(p)	—
Western Maryland	1929	.03(p)	73	2.66(ps)	9.8(p)	—

Public Utilities

Company	Period of Report	Earned per Dollar of Net Worth	Ratio of Debt to Net Worth	Earned per Share of Common	Market Value Jan. 27, 1930, Times Earnings	Dividend Rate
Brooklyn-Manhattan Transit	6 mos.	.04	154	3.30	10.3(g)	4
Hudson & Manhattan	1929	.04(p)	147	4.96(p)	9.7(p)	3½
People's Gas, Lt. & Coke	1929	.08	87	11.97	20.0	8
Twin City Rapid Transit	11 mos.	NR	NR	3.44	6.4(g)	4

(a) And extra. (b) Before taxes. (e) Payable in stock. (g) Based upon estimated yearly earnings as indicated by period reported. (m) Including mortgages. (p) Preliminary figures. (s) Including obligations of subsidiaries. (z) Not allowing for accumulated dividends. A—Class A stock. B—Class B stock. ND—No funded debt. NM—Negligible. NR—Unavailable.

Bank, Insurance and Investment Trust Stocks

Quotations as of Recent Date

	Bid	Asked
NATIONAL BANKS		
Bank of America, N. A. (4.50)	132	135
Chase (4)	163	165
Chatham & Phenix (4)	122	124
Chemical (new) (1.80)	73	75
City (4A) new	223	225
First (N. Y.) (100A)	5200	5350
Public (new) (4)	127	130
TRUST COMPANIES		
Irving Trust (1.60)	54	56
Bankers (new) (3)	134	135
Bank of N. Y. & Trust Co. (20)	665	680
Brooklyn	785	795
Central Hanover (7) (new)	319	323
Empire	73	75
Equitable (3)	109	111
Guaranty (20)	697	701
Manufacturers (6)	130	132
New York (new) (5)	253	257
STATE BANKS (NEW YORK)		
Corn Exchange (4)	206	210
Manhattan Co. (3.20)	125	127
United States	3300	3500
INSURANCE COMPANIES		
Aetna Fire (20)	615	630
Aetna Life (new) (1.60)	85	90
Continental (1.60)	39	41
Fireman's of New Jersey	32	34
Glens Falls (2.10)	57	60
Globe & Rutgers (24)	950	980
Great American (1.60)	33	35
Hanover (1.80)	55	58
Hartford Fire (2.40)	68	72
Home (new) (2)	45	47
Carolina (1.50)	31	33
National Fire (new) (2)	65	70
North River (2.50)	52	55
United States Fire (2.40)	62	64
Stuyvesant (3)	60	70
Travelers (22)	1370	1390
Westchester (2.50)*	55	60
SURETY AND MORTGAGE COMPANIES		
American Surety	108	112
National Surety (10)	82¾	..
Lawyers Mortgage (14) (X)	48	49
JOINT STOCK LAND BANKS		
Chicago	7	10
Dallas (8)	78	84
Des Moines	2	6
First Carolina	5	10
Lincoln (4)	30	40
Southern Minnesota	1	4
Virginia (B)	½	1
INVESTMENT TRUST SHARES		
American Founders Corp. com.	32½	34½
Do 6% Pfd.	41	46
Do 7% Pfd.	47½	52½
Diversified Trustees Shares	22⅞	..
Do Series B	19⅝	20⅝
Fixed Trust Shares	20¼	..
Insuranshares, "A"	13⅛	13⅜
Interl. Sec. Corp. of Amer., B.	32	37
Do A	56	63
Do 6% Pfd.	86	92
Oil Shares, Inc. (units)	35	55
Second Intl. Securities "A"	43	47
Do 6% Pfd.	40½	44½
Shawmut Bank	20	25
U. S. & British Internl. "B"	15	20
U. S. Shares, Series A-1	13⅝	15⅛

(A) Including div. wherever paid by Securities Companies in some cases. (B) Par $5. * Including extras. (X) Ex-rights.

new plan, to obviate any undue delay, deposits must be made by February 17th next, and prompt application will be made to list the certificates of deposit on the exchanges where original stocks are now listed. A proforma balance sheet of the new consolidated organization reveals a strong condition, current assets, $96,600,000; current liabilities, $23,678,000, with a good cash position totalling $20,705,000. Outstanding capitalization of the new corporation will be 550,000 shares of $100 par 6% preferred and 1,985,144 shares of no par common. A statement accompanying the plan of consolidation reveals the fact that net income of the constituent companies over the past four years averaged $5.81 applied to the new common stock, while for 1929 such earnings approximated $33.03 on the new preferred and $7.49 on the common shares. In general we believe formation of this new corporation is along sound lines and regard the organization as a potential force of future importance in the industry. For that reason we would not oppose moderate additional commitments with the idea of reducing your original cost price. Meanwhile we suggest depositing present holdings in accordance with the plan in order to be in a position to share in the benefits of the new consolidation.

TEXAS CORP.

I am all at sea as to what course I ought to follow with my Texas Corp. This stock cost me $75 a share over a year ago. On account of the recent reductions in gasoline and crude oil prices, I am inclined to throw the stock over. If you advise doing so, will you please let me know what to buy?—H. O. C., Seattle, Wash.

Rapid expansion of operations and facilities in the past three years, as a result of enlargements and acquisitions, has made the Texas Corp. the only company holding the enviable position of national distributor of refined oil products. Not only has the company service and bulk stations in every state in the Union, but it carries on extensive marketing of refined oils abroad. In addition to its prominent position in the petroleum industry, the company has possibilities in the field of natural gas. The rapid development of Texas Corp. since organization in 1902 has been accomplished through consistent reinvestment of surplus and

reserves, financing through sale of additional stock to shareholders and property acquisitions by exchange of shares. Further expansion of properties was provided for in the latter part of 1929 through the sale of $100,000,000 debentures which are convertible into common stock. Officials stated that the proceeds would be employed in enlarging all divisions of the company. Including profits of the California Petroleum Corp., a holding company engaged through subsidiaries in all branches of the petroleum industry, the net income of Texas Corp. in 1928 reached record breaking proportions, totalling $5.34 per share of common stock outstanding, as compared with $2.77 in 1927. However, this high mark in 1928 does not fully reveal the potential earning power of the company, as the more recently acquired properties are more completely absorbed. The net for the first eight months of 1929 totalled $3.96 per share on the present capitalization or $4.18 a share on the average number of shares outstanding during the period. Earnings for the full year 1929 have been estimated at from $4.85 to $5.35 per share. Texas Corp. has been consistent in the matter of dividend payments, liberal disbursements having been made every year since 1903 at varying rates. The present rate of $3 annually has been maintained since the second quarter of 1920. While a drop in crude oil and gasoline prices would tend to restrict near term earnings somewhat, Texas Corp. would not suffer as would some of the smaller companies and we see no reason for a sacrifice sale of your commitment.

De-Pyramiding Utility Structures

(*Continued from page* 613)

struction of large central power stations and through the interconnection of properties, the investment in plant and equipment to meet the peak load can be kept at a minimum, which together with other economies will permit lower costs of power production. From the viewpoint of the company, legal matters and relationship with regulatory bodies and with the public can be handled better by virtue of a more competent staff. On the financial side, large centralized financing rather than the small piecemeal variety of the formerly individual operating properties results in substantial savings in the cost of capital. These technical and commercial accom-

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The books, booklets, circulars and special letters listed below have been prepared with the utmost care by business houses of the highest standard. They will be sent free on request, direct from the issuing houses.

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We urge our readers to take full advantage of this service. Address Keep Posted Department, Magazine of Wall Street, 42 Broadway, New York City.

COMMON STOCKS AT THE CURRENT PRICE LEVEL

Send for a copy of the address given by Mr. Dwight C. Rose of Scudder, Stevens & Clark at the joint Annual Meeting of the American Statistical Association and The American Economic Association. This booklet particularly stresses some of the unfavorable factors to be considered in common stock purchases. Ask for 690.

PRUDENCE-BONDS FOR PRUDENT PEOPLE

A brief description of how Prudence-Bonds are secured by conservative first mortgages on income producing properties and guaranteed by over $16,500,000 of the Prudence Company's capital, surplus and reserves. Its' message is short, but its benefits are long. Ask for 691.

KELVINATOR CORPORATION

The position of this corporation and its securities is analyzed in the latest weekly review issued by Prince & Whitely, prominent New York Stock Exchange firm. Ask for 692.

BOUVIER REVIEW

contains analyses and charts on Westinghouse, Air Brake, Detroit Edison, Mack Trucks, Inc., Paramount, Famous Lasky, Warner Bros.' Pictures, American & Foreign Power, U. S. Rubber, and National Biscuit. Send for your complimentary copy today. (693).

UNITED STATES ELECTRIC LIGHT AND POWER SHARES, INC.

The Trust Certificates, Series "A," secured by deposit, with the trustee, of selected preferred and common stocks of Electric Light and Power Companies, offers you an attractive investment, priced at the market, to yield about 7%. Special circular 694 contains analysis.

HOUDAILLE-HERSHEY CORP.

Paul H. Davis & Co. have prepared an analysis of this company containing the Balance Sheet of Novmeber 30th, 1929, and Earning Statement for the first 11 months of 1929, a complimentary copy of which will be sent upon request. Ask for 695.

New York Curb Exchange

IMPORTANT ISSUES

Quotations as of January 29, 1930

Name and Dividend	1930 Price Range High	1930 Price Range Low	Recent Price
Aluminum Co. of Amer.....	291½	275	291½
Aluminum Pfd. (6).........	108½	106⅛	107
Amer. Cyanamid "B" (1.60)	28⅝	25½	27½
Amer. Gas Elec. (1)‡.......	129⅝	113⅝	125
Assoc. Gas Elec. "A" (2)..	46⅛	36½	45½
Centrif. Pipe (0.60)*........	6¼	4¾	5½
Cities Service (.30)†........	30	26½	28¼
Cities Service Pfd. (6)†....	89⅞	88	89⅝
Cons. Gas of Balt. (3.60)...	104	90¼	103⅞
Consolidated Laundries	10⅜	10	10½
Durant Motors†	7	4¾	5
Elec. Bond Share (1)†......	86⅞	80½	85⅝
Ford Motors of Canada A...	33¼	29½	30⅝
Ford Motors, Ltd...........	11¾	10⅝	10½
General Baking*	4⅝	3½	3⅝
General Baking Pfd.*.......	54½	45¾	46½
Glen Alden Coal (10)†......	121½	118⅛	114⅞
Gulf Oil (1.5)†.............	141	133	137⅞
Happiness Candy Stores "A".	1¼	⅝	§1
Hecla Mining (1)...........	12⅝	12	12¼
Hygrade Food Products.....	13	10⅝	§10⅞
International Utilities B....	8⅝	6⅞	7⅞
Insur. Securities Inc. (1.40).	19⅝	17½	18⅝
Lion Oil Refining (2.25)*...	20	18⅝	§19½
Lone Star Gas (new) (.80).	37⅞	34½	36⅝
Metro Chain Stores.........	30	24½	§24
Mountain Producers (1.60)†.	9⅝	8	8½
National Fuel Gas (1)......	26¼	25½	25⅝
New Mex. & Arizona Land†.	4	3½	3½
New Jersey Zinc (4)........	74¾	66¼	74
Nipissing Mining (30c)*....	1⅝	1½	§1⅝
Pittsburgh & Lake Erie (5).	113	112	112
Salt Creek Producers (2)†...	12⅝	10¼	10½
So'east Pwr. & Lt. (4).....	75	70	§75
Stutz Motors*	4⅝	1¾	2⅞
Tobacco Products Export†...	⅞	⅝	§⅞
Transcontinental Air Trans..	8⅞	6	6⅝
Trans Lux	4⅞	4¼	4½
Tubize Art. Silk "B" (10)†..	178¾	140½	160
STANDARD OIL			
Continental Oil	15⅞	12¾	§13⅝
Humble Oil (2)†............	86⅝	78	81¼
Internat. Pet. (new) (.62½)	21⅞	20⅜	20⅞
Ohio Oil (2)...............	71¼	69¾	70½
Standard Oil of Ind. (2½)..	54⅝	52	53⅝
Vacuum Oil (4)†............	96½	93⅝	95

* Listed in the regular way.
† Admitted to unlisted trading privileges.
‡ Application made for full listing.
§ Bid price.

plishments have resulted in a steady lowering of costs in the industry which in the main have been passed on to the consumer.

Am. Tel. & Tel. Set-Up a Model

If the formation of super-power systems can be justified on economic grounds, the grotesqueness of their present capital structures must then be considered as an expedient, or in other words, they are merely phases of this vast movement. Steps to simplify the complicated capital structures by eliminating intermediary holding companies have already been undertaken by several systems. The ideal set-up in this respect is that of the American Telephone and Telegraph Co. where the parent or holding company controls directly the various operating subsidiaries and performing for them financial and management services. In practically every case, the parent concern controls the operating companies through ownership of all or nearly all of the common stock, although each of the subsidiaries may have outstanding bonds and preferred stock of their own. A considerable portion of the new money needed to finance the expansion of this tremendous system is raised by the parent company through the issue of additional of its own securities, either straight bonds, convertible bonds or common stock.

The idea of capital simplification may even be carried one step further by making the parent company in effect the operating company through the elimination of all the underlying securities except the common stock of the subsidiaries, which would be all owned or controlled by the parent concern. This, apparently, is the ultimate aim of the Associated Gas & Electric Co., which is pursuing a policy of steadily reducing the amount of underlying securities in the hands of the public, either by their redemption or by offering to the present holders exchanges into securities of the parent concern. Also, the company has effected the elimination of some of the intermediary holding companies and merged a number of its operating properties. Eventually this company, which a few years ago was considered a "nightmare" in finance, will have a relatively simple style of capitalization with practically only securities of the parent company outstanding in the hands of the public. The carrying out of this policy will create in the operating companies a large reservoir of unused credit which the company may call upon in the future if the occasion to do so arises.

(*Please turn to page 655*)

(See page 666)

Bond Buyers' Guide

NOTE.—The following list of bonds has been arranged solely on the basis of current yields to maturity. The position of any issue is not intended as an indication of its relative investment merit. Readers should observe a proper diversification of commitments in making their selections from this list.

	Prior Liens (Millions)	Interest Times Earned on All Funded Debt	Call Price	Price	Current Income	Yield to Maturity
Panama 5½s, 1953.....(a)	....	...	102½GT	102⅛	5.4	5.3
Norway 40-yr. ext. 5½s, '65.....	....	...	100F	101	5.4	5.4
Haiti 6s, 1952.....(b)	....	...	100	98	6.1	6.1
Dominican 5½s, 1942.....(a)	....	...	101G	94	5.8	6.8

Railroads

	Prior Liens (Millions)	Interest Times Earned on All Funded Debt	Call Price	Price	Current Income	Yield to Maturity
Atchison, Top. & S. F. Conv. 4s, 1955...	267.4	5.51	110	88	4.4	4.6
Pennsylvania 5s, 1964.....	....	3.25	102T	104	4.8	4.8
Illinois Central 4¾s, 1966.....	....	1.75	102½GT	97	4.9	4.9
Central Pacific Guar. 5s, 1960.....(a)	....	2.25	105GT	101	4.9	4.9
Southern Railway Dev. & Gen. 6s, 1956	133.8	2.48	....	116	5.2	4.9
Missouri Pacific 1st & Ref. 5s, 1977.(a)	125.2	1.28	105A	99	5.0	5.0
Rock Island-Frisco Terminal 1st 4½s, 1957.....(d)	....	X	102½T	88	4.9	5.0
N. Y., Chic. & St. L. Ref. 5½s, 1974.(a)	59.6	2.12	105	106	5.1	5.1
Central of Georgia Ref. 5¼s, 1959.....	31.1	1.56	105AG	105	5.2	5.1
Western Pacific 1st 5s, 1946.....(b)	....	1.27	100	98	5.0	5.1
Great Northern Gen. A 7s, 1936.....(b)	130.8	2.36	....	110	6.3	5.2
Nor'n Pacific Ref. & Impr. 6s, 2047.(a)	166.7	2.43	110G	113	5.3	5.3
Chic. & W. Indiana 1st Ref. 5½s, 1962	49.9	1.50	105	103	5.8	5.3
Wabash Ref. & Gen. 5½s, 1975.....(a)	62.4	1.75	105AG	103	5.3	5.3
Carolina, Clinchfield & Ohio 1st & Cons. 6s, 1952.....(b)	13.9	X	107½T	107	5.6	5.4
Balt. & Ohio Ref. & Gen. 6s, 1995...(a)	284.2	2.05	107½AG	110	5.5	5.4
Minn., St. Paul & S. S. M. 1st 4s, 1938	....	1.59	....	89	4.5	5.7
Cuba R. R. 1st 5s, 1952.....	....	2.73	....	81	6.1	6.6

Public Utilities

	Prior Liens (Millions)	Interest Times Earned on All Funded Debt	Call Price	Price	Current Income	Yield to Maturity
Pacific Gas & Elec. Gen. Ref. 5s, 1942..	34.36	1.92	105T	101	4.9	4.8
Indiana Natural Gas & Oil Ref. 5s, 1936	....	2.62	....	100	5.0	4.9
Consol. Gas of N. Y. Deb. 5½s, 1945.(a)	....	5.40	106T	106	5.2	4.9
Columbia Gas & Elec. Deb 5s, 1952.....	....	5.15	105T	99	5.0	5.0
Montana Power Deb. 5s, 1962.....(a)	34.7	2.67	105T	98	5.0	5.1
Utah Power & Light 1st 5s, 1944.....	....	2.90	105	99	5.0	5.1
Detroit Edison 1st & Ref. 6s, 1940..(b)	14.0	3.27	107½T	107	5.6	5.1
Hudson & Manh'n 1st Ref. 5s, 1957.(b)	5.9	2.63	105	95	5.2	5.3
Postal Tel. & Cable Co. Tr. 5s, 1953....	0.6	1.99	105	94	5.3	5.4
Amer. W. Wks. & El. Deb. 6s, 1975.(a)	12.7	1.43	110	105	5.7	5.7
Seattle Electric—Seattle Everett 1st 5s, 1939.....(d)	....	2.01	105	90	5.3	5.8
Phil. Rap. Trans. 6s, 1962.....(c)	10.0	1.31	105	90	6.6	6.7
Twin City Rap. Transit 1st & Ref. ... 5½s, 1952.....(b) (d)	4.4	1.68	105T	75	7.0	7.5

Industrials

	Prior Liens (Millions)	Interest Times Earned on All Funded Debt	Call Price	Price	Current Income	Yield to Maturity
Youngstown Sh. & Tube 1st 5s, 1978.(a)	....	3.74	105T	101	4.9	4.9
Gulf Oil Deb. 5s, 1947.....(c)	....	4.59	104AT	100	5.0	5.0
Allis Chalmers Deb. 5s, 1937.....(a)	....	4.61	108T	100	5.0	5.0
International Match Deb. 5s, 1947....(a)	....	57.03	109T	98	5.1	5.2
National Dairy Prod. Deb. 5¼s '48.(a)	3.10	6.99	103½	98	5.3	5.3
Amer. Cynamid Deb. 5s, 1942.....	....	9.52	100	96	5.2	5.4
Chile Copper Deb. 5s, 1947.....(a)	....	5.69	102T	95	5.2	5.4
Sinclair Pipe Line 5s, 1942.....(a)	....	3.68	103	95	5.2	5.5
B. F. Goodrich 1st 6½s, 1947.....(a)	....	2.61	107A	105	6.2	6.0
U. S. Rubber 1st & Ref. 5s, 1947...(b)	2.6	1.70	105A	84	6.0	6.6

Short Terms

	Prior Liens (Millions)	Interest Times Earned on All Funded Debt	Call Price	Price	Current Income	Yield to Maturity
N. Y., Chic. & St. Louis 2nd & Impr. 6s, May 1, 1931.....(a)	17.3	2.12	102	101⅝	5.9	4.6
Humble Oil & Ref. Deb. 5½s, '32...(b)	....	8.05	102½A	101⅜	5.4	4.9
Amer. Cotton Oil 5s, May 1, 1931.....	....	19.32	105	99⅝	5.0	5.3

Convertible Bonds

	Prior Liens (Millions)	Interest Times Earned on All Funded Debt	Call Price	Price	Current Income	Yield to Maturity
Inter'l Tel. & Tel. Deb. 4½s, '39...	Com.@66⅔	6.02	102½	120⅞	3.7	..
Atch., Top. & S. F. Deb. 4½s, '48..	Com.@166.6	5.51	102	134½	3.4	..
N. Y., N. H. & Hart. 6s, '48.....	Com.@100	1.09	....	126	4.7	..
Chesapeake Corp. Col. Tr. 5s, '47...	C&O@196	2.45	100	99	5.0	5.1
Amer. Inter'l Corp. Deb. 5½s, '49..	Com.@80	2.34	105	94¾	5.8	5.9

All Bonds are in $1,000 denominations only, except (a) lowest denomination $500, (b) $100.

A—Callable as a whole only. T—Callable at gradually lower prices. G—Not callable until 1930 or later. X—Guaranteed by proprietary companies. (c) Listed on New York Curb. (d) Available over-the-counter. F—Not callable until June 1, 1935.

(Continued from page 652)

Recently, the Commonwealth & Southern Corp., one of the super holding companies organized last year aligning several large utility systems in the East, announced a plan to eliminate three intermediary subsidiary companies and one coexistent holding company. Upon completion, Commonwealth & Southern will control directly the operating companies which, as indicated in the accompanying diagram are generally organized on state lines. It will be observed that in several of the states served by the system there are more than one operating subsidiary, and it is entirely probable that where this is the case they may be consolidated so that eventually there will be only one operating company in each of the states in the system's territory.

The three subsidiaries, namely, Commonwealth Power Corp., Southeastern Power & Light Co., and Penn-Ohio Edison Co., were controlled through ownership of more than 96% of their common stocks, but none of the stock of Allied Power & Light Corp. was owned. This latter company was organized in 1928 and owned substantial stock interests in the Hodenpyl, Hardy & Co. and Stevens & Wood, Inc., group of electric power and light properties, viz., the Commonwealth Power Corp., Penn-Ohio Edison Co. and the Northern Ohio Power Co. The two latter were subsequently merged into the Penn-Ohio Edison Corp. In 1929 Allied Power & Light Corp. exchanged its holdings for common stock and option warrants of the Commonwealth Power Corp.

Upon consummation of the exchange plan, Commonwealth and Southern will own all the assets and assume all the liabilities of the four companies above mentioned which may then be considered as liquidated. Through the Allied Power & Light Corp., Commonwealth and Southern will acquire the extensive engineering, construction, management and supervisory services that made the former concern one of the most important ones in its field.

The problem of simplifying the capital structure is being similarly tackled by many of the other large utility holding companies and numerous instances can be cited, but in the main the process and the ultimate aims are parallel. One factor hastening the carrying out of these plans is the threat on the part of the Federal Government to conduct a thorough investigation of public utility holding companies and possibly enact regulatory legislation. But unquestionably the strength of the capital structure is greatly increased, with important ad-

MARKET STATISTICS

	N. Y. Times 40 Bonds	Dow, Jones Avgs. 20 Indus.	Dow, Jones Avgs. 20 Rails	N. Y. Times 50 Stocks High	N. Y. Times 50 Stocks Low	Sales
Saturday, January 18	86.65	246.84	146.54	205.50	203.41	1,330,800
Monday, January 20	86.66	247.31	146.43	206.78	204.43	1,692,640
Tuesday, January 21	86.56	249.58	146.91	208.41	205.45	2,233,230
Wednesday, January 22	86.55	250.19	147.42	209.05	206.51	2,305,930
Thursday, January 23	86.73	253.52	148.16	210.87	207.59	3,229,290
Friday, January 24	86.76	256.31	148.25	213.50	209.86	3,480,830
Saturday, January 25	86.83	259.06	148.70	213.52	211.37	1,526,480
Monday, January 27	86.86	260.93	148.63	215.26	211.93	3,458,020
Tuesday, January 28	86.85	257.90	148.28	214.64	211.46	2,912,930
Wednesday, January 29	86.88	262.18	148.71	216.70	211.60	3,245,550
Thursday, January 30	86.96	263.28	148.43	219.47	214.47	3,645,910
Friday, January 31	86.96	267.14	148.86	220.20	216.31	3,739,420

vantages to the parent company, especially so since a considerably larger proportion of the income of the system will accrue to it. The greater degree of stability of earnings which this means to the holding company enhances the investment qualities of its securities, which in turn will enable the company to raise new capital on a much more favorable basis than formerly. Everything considered, the capital simplification movement is highly constructive for the public utility industry, and one which should result in substantial benefits to the investors.

Insurance Department

(*Continued from page 625*)

for the remaining relative (mother or daughter) if a material amount were cut from the family income through the death of one and the ceasing of *her* income under an individual annuity.

The cost for such annuities varies somewhat in the companies which issue same; moreover, many companies do not publish the rates for these joint and survivor contracts, but give them only on application. You can however get an approximate idea of what may be expected from the following figures of a good life institution whose quotations I have at hand.

The cost of a *joint* and *survivor* annuity on the lives of two women, ages 72 and 50, providing an income $100 annually would be about $1,512. Thus if an income of $1,000 annually were desired, the purchase price would be 10 times greater, i. e.: $15,120. If the annuities were placed on the *individual* lives, income ceasing in each case on the death of the annuitant, the figures are: Cost of $100 annually for an annuity on a woman age 72, $815, while the cost of the same annuity at age 50 would be $1,465.

Complicated Policies

Insurance Editor:

The ——— Company is putting out a new policy which combines the life plan and also has income features and instead of the regular amount as most companies do the income is doubled for a period of years.

Will you please inform me your opinion of this policy? I am carrying $5,000 *preferred class straight life with this company and also* $8,000 *term. I could convert* $5,000 *of the latter into the new policy making an additional quarterly payment of about* $10. *I am 31 years of age, married, have one child 7 years of age.—H. O. J.*

I have your letter with pamphlet outlining the benefits of the income policy in the company to which you refer. This policy would appear to be on a plan which would fit the needs of a young family man of your age, with a moderate premium cost. In these more complicated policy plans the insured does not always completely vizualize his exact protection. You should therefore familiarize yourself with the details of the policy form when applying for the insurance, realizing that the 12% family income fades out of the picture in the 20th year, leaving the simple $10,000 protection thereafter.

You should not *decrease* your present life insurance—now amounting to $13,000; and I would suggest that you convert your full $8,000 term policy into insurance on a permanent plan, even if the additional cost to carry same pinches a little.

Practical Pointers for Successful Estate Building

(*Continued from page 627*)

facilities for group investing. Such a plan would not interest the writer, chiefly because he enjoys holding up one side, at least, of the steering wheel of his ship of financial fate. The average estate builder certainly should know the earmarks of good investments and "dogs and cats." Probably he should spend more time in selecting good situations in favorably-futured industries, and devote much less time to the exact point at which to buy. A poor situation may do anything; a good security, even though bought too high (nobody ever bought a good investment too low) will work out eventually and without loss of capital, which is the danger of weaker situations.

The writer has a personal prejudice against unlisted securities, chiefly because they are, in many cases, surrounded with too much mystery and because they are, in general, less fluid than listed active securities. With changing fashions in investments, liquidity is of importance. There are, however, certain investment houses, who meet the above drawbacks conscientiously.

It is useless in an article of this length to discuss diversification, although, that is absolutely essential. The only question is—to what extent. A good thing may be carried too far. Odd lot buying of preferred and common stocks permits one to purchase even a single share of a security, if that is desired.

Whether one's money shall be used for bonds and debentures, bonds and debentures with what the writer calls "blessings," preferred stocks with or without "blessings," common stocks with or without "blessings" is a matter which must be considered individually. Various formulas are advocated by different authorities. It seems to be anybody's guess as far as the future is concerned. For the moment, high grade common stocks seem to be the most favored for major holdings. Since no one can unfailingly predict the future, the logical thing seems to be to "mix 'em up." If fluctuations are a worry to the estate builders, then the more prosaic securities are perhaps best.

As to trading. The question amounts to this, "Are you a trader by profession, or is your life work something else?" If investments are one's hobby, well and good. Keep them that way. If one is going to carry on one's regular life work, obviously investing or trading can only have its fair proportion of time. It has been stated, and it is probably true, that many individuals have neglected their business or career for trading and are paying for it. No man can serve two masters. The writer's only advice is to preserve that God-given sense of proportion which should balance the life of everyone.

Money, whether in work or in investments, is not made without labor. Luck may play a part. Careful, wise, sound planning, plus a little luck is much better. Most persons, down in their hearts, enjoy work. What work can be more enjoyable, than, under good guidance, fashioning one's financial life so that old age may be one of reasonable affluence without immediate worry for oneself or those who are nearest and dearest.

Important Corp. Meetings

Company	Specification	Date of Meeting
Auto Sales Corp.	Directors	2-13
Budd Mfg.	Directors	2-18
Celotex Co.	Annual	2-21
Coca Cola Co.	Directors	2-24
Commercial Investment	Directors	2-18
Commonwealth & South.	Special	2-10
Commonwealth Power	Special	2-13
Consolidated Gas	Annual	2-24
Del., Lack. & West.	Annual	2-25
General Cigar	Directors	2-20
Gillette Safety Razor	Directors	2-25
Otis Elevator	Special	2-11
Peoria & East. R. R.	Directors	2-12
Pressed Steel Car	Directors	2-19
United Fruit Co.	Annual	2-19
Ward Bakery Corp.	Annual	2-13
Wilson & Co.	Directors	2-18

For Feature Articles
to Appear in the
Next Issue
See Page 595

Mathieson Alkali Works, Inc.

(Continued from page 623)

panding, aided by further economies of operation, the net income for this year should reflect wider profit margins and consequently larger per share profits.

Strong Financial Position

The company has no funded debt. The only obligation ahead of the common is the $2,475,000 of 7% cumulative preferred stock. The common stock was increased twice last year. In April, soon after the authorization had been raised from 200,000 to 1,000,000 shares, a 300% stock dividend was distributed. Then, last August, shares were offered to the stockholders as previously mentioned.

Total assets of the company as of last June 30th were $18,625,360, compared with $17,922,643 on December 31st, 1928. Total surplus was $7,129,247, up from $6,997,005. Current assets amounted to $3,827,847, being nearly four times the current liabilities, and net working capital stood at $2,815,718, a gain of nearly $235,000 in six months.

The financial strength of the company is amply indicated by these figures, bearing in mind the large capital expenditures that have been made. Then, of course, the $2,300,000 cash received from the stock offering must be added to the current assets, thus increasing the ratio of that item to current liabilities to 6 to 1 and placing net working capital at more than $5,000,000.

Production Readily Adaptable

The outlook for the chemical industry is quite favorable. Stocks are being maintained at conservative levels and prices are consequently steady, with prospects of remaining so, at least throughout the year. Activity in petroleum refining, paper making and the textile industry, the last constituting the largest single group using industrial chemicals, appears to be running at a rate that will provide as good if not a better demand this year than last.

It is essentially characteristic of the chemical industry that it can adapt its production to the trend of demand, shifting its styles, as it were, to stimulate interest by introducing improved articles that call for new uses and wider markets. As a whole, this industry is one of the most rapidly developing in this country and it has the advantage also of being inherently im-

portant to many other industries, themselves among the largest and most promising for future expansion.

Mathieson Alkali is particularly well equipped in all ways to grasp full advantage of these elements of stable earning power and well protected profits. Its stockholders will benefit accordingly. The present dividend rate of $2 annually is equal to $8 on the common which was receiving $6 a share previous to the 300% stock dividend. The present price of around 41 is somewhat more than 12 times indicated annual earnings and affords a yield of 4.8%. It is an excellent stock, in our opinion, with which to diversify the investment portfolio and its promise in the way of extra payments and enhanced value on any general advance in the market gives it moderate speculative attraction.

Is Silver Ceasing to Be a Precious Metal?

(*Continued from page* 607)

"The basis of the present silver crisis is a total lack of use of silver for monetary purposes."

The lack of coinage is shown by world silver statistics. Estimated production in 1929 was 256,500,000 ounces against 257,500,000 in 1928 and consumption in the two years was 311,500,000 (some of this came from Indian Government reserves) and 308,400,000 ounces respectively. Coinage, the main world use of silver in these two years took 37,500,000 and 45,100,000 ounces, or 15% and 18% respectively of production.

Not a single silver dollar was coined in the United States during the last fiscal year, according to the mint report. R. J. Grant, director of the United States Mint, told the writer he believes it significant that no half dollars were minted in the Eastern part of this country in the last two years.

Why is silver being regarded more as a commodity than a circulating medium?

This view has taken hold because of the relative abundance of silver. Its world output from 1870 to 1928 increased tenfold as world gold production gained threefold. Then ideas of money have changed. Money now represents credit rather than a store of value.

World on Gold Basis

Forty-eight of the world's leading industrial nations were on a gold standard just before the world war and most of them have returned, or are returning, to yellow metal. China is the outstanding silver currency country today, and the Kemmerer Commission is paving the way for a gold basis now.

Silver since the war has been replaced by gold for reserves against government notes, bank notes and other bank note liabilities. It was debased, its fineness or weight being reduced in 14 countries, because of their prostrate post-war financial condition. Such nations used either aluminum, bronze, nickel or cheaper alloys or, by adding more alloys to silver, made it cost less and wear longer. Withdrawal of silver as well as gold from circulation made clay coins or paper money generally acceptable.

Coinage of silver, both domestic and foreign, withdrawn from world monetary use in 1927 amounted to 54,946,311 ounces and 1928 incomplete figures showed 40,263,174 ounces, while last year's withdrawals, due to debasement of British coinage, French and Belgian demonetization, and sales by India, probably will exceed withdrawals of either 1927 or 1928.

With the world using less silver, coinage silver producers, both siliceous and by-product, are turning to art and industry to take up the consumption slack. Arts and manufactures here and in Canada consumed 37,000,000 ounces last year against 33,500,000 in 1928. Sterling silverware, the largest single factor, increased about 8 per cent. Plated silverware, despite the large sales of pewter, increased over 1928. The chemical and photographic film industries together used about 10,500,000 ounces, or a gain over 1928.

What will silver arts and crafts do about lower silver prices?

Retail and wholesale jewelers prefer to see silver prices high, because their best profit margins are made on the expensive pieces of jewelry and silverware. The manufacturing companies will benefit by price swings, according to their inventory policy and diversification of output. International Silverware, the world's largest silverware maker, buys spot silver bullion in the open market and its products range from the lowest-priced unplated flatware to the finest sterling wares.

Mining interests are of the opinion that industrial silver users should not heed the Government's unsuccessful attempts to evolve a non-tarnishable silver alloy, but should cut costs to consumers, thereby widening the demand for silver. It is asserted silver might play a more important part than it does in the construction and maintenance of processing equipment in the food industry. Silver-aluminum alloys might be used for many purposes.

It is generally conceded that the silver industry, in all of its branches, needs research for production, utilization, fabrication, merchandising and consumption, that a wider use of the metal be created.

Whether silver is ceasing to be a precious metal depends on the point of view taken. Peoples today consider what is back of money, that is credit, rather than its content so therefore are willing to accept clay, coin or paper money so long as it is commonly recognized as a circulating medium.

Silver viewed as a commodity can hardly be regarded other than a precious metal at its present price. Geologists see no let up in total silver supplies, largely because of by-product ores, so miners look to widening the consumption of silver as a commodity rather than a coinage. Whether silver as a commodity will be regarded as precious if prices further decline is a question all the silver arts and industries are trying to answer today.

Shooting Holes in the Prosperity Program

(*Continued from page* 609)

advice of the Government's financial experts. Furthermore, recent banking statistics would seem to confirm the view that capital has been released from the security markets in amounts that momentarily oversupply the demand for liquid credits. The reduction in brokers' loans of several billion dollars; the paring down of collateral loans; the repayment of member bank borrowings at the Federal Reserve Banks; the absorption of a large volume of new offerings, since the market break and the prevalance of 4 to 4½ per cent call money rates all tend further to confirm the view that capital has been drained out of the recent speculative security boom.

Can the Market Absorb Capital? To offset these visible statistics and obvious facts, Professor Cassel falls back on a rather academic platform. A quite debatable dictum, previously expressed by this and other famous economists, is called up in the rebuttal. *Stock market speculation as such has never absorbed any capital and can never absorb any*—is the final argument on which the prosecution is compelled to make its case. Fortunately, however, there is readily avail-

able statistical data which refutes such a premise.

Financial authorities abroad fail to make important distinctions between the technicalities of the American stock exchange practice and the familiar practice (to them) of foreign stock exchanges, when they take this academic view about stock market operations and capital absorption. There are two kinds of capital that support operations on the New York Stock Exchange and other American share markets. One is the equity capital of investors and speculators and the other is the loans which these stock buyers obtain to support their operations. Changing values of the equity in one's stocks may perhaps be said to represent no real change in the national wealth. Neither does the mere passing of ownership absorb capital. But the amount of bank credit and private liquid capital that a speculative movement on the New York Stock Exchange requires to finance all of the daily transactions, where any form of borrowing is involved, is a *real absorption of capital.* That is the essential nature of speculation on credit—it is conducted largely with borrowed capital.

Loans to Europe Despite his erroneous premise Professor Cassel's pronouncement has the utmost practical value for investors. It raises a thought provocative question as to just where President Hoover and his industrial staff are to find the funds for the works that are projected. To what extent will they be withdrawn from the securities market? Most of them must and will come from the current savings of the nation. The Hoover program of managed restoration of prosperity simply tends to put savings to work a little sooner than would be the case in the "natural" course. Cassel thinks that in the normal *laissez faire* course of recovery, a good share of these funds would go into foreign loans; where, he argues, they would immediately benefit both foreign and American business (through stimulated exports), and the latter in a better way than by forced expenditures in public works and the industrial plants that are not immediately productive. He may be right, but it would have been both futile and politically fatal for the President to have advocated foreign loans when people at home were scratching for cash. Possibly, we here tap the milk in Cassel's critique—fear that loans will not flow to Europe from American industrial lethargy.

Trade Tendencies

(*Continued from page* 630)

tives and 55 tenders in immediate prospect involving an estimated steel tonnage of around 150,000 tons and with orders for rails and miscellaneous equipment maintaining high levels. While there is a possibility of railroad demand not holding present proportions throughout the year, expanding construction work should more than offset any deficiencies in this line. Building contract awards and contemplated projects are reported to have increased substantially since January 1st and the recently established construction bureau of the Department of Commerce has estimated new construction for 1930 in the public utility field alone to be nearly seven billion dollars—a sum that should be very encouraging to steel makers when one considers that contracts for all building and engineering projects during the record year of 1928 totaled $6,628,286,100 according to the F. W. Dodge Corporation. The automotive outlook remains uncertain; but to date specifications have exceeded expectations and there are no signs of an immediate letdown apparent.

The price structure is displaying further unsettlement. While total declines to date have not been seriously extensive, the disposition of sellers to allow reductions on large commitments is a disturbing state of affairs that may not be corrected until the market becomes more active.

At any rate, major producers may be depended upon to follow conservatively the slowly increasing demand apparently in prospect for the immediate term.

Consuming Industries Hold the Key to Business

(*Continued from page* 602)

to offset the indicated reduction in domestic sales. A conservative estimate of export sales for 1930 would not exceed the actual sales for the past year, or slightly in excess of one million units.

New and Multiple-Car Buyers The span of our survey has been nearly completed and it remains only to consider the last source of demand—new and multiple-car buyers. As already pointed out the number of prospective new-car owners tends to diminish and while there has been a marked tendency toward the ownership of several cars in a single family, a general business recession would doubtlessly lead to the abandonment of plans for another car, in many cases, as a measure of economy. In both of these groups, the used car is a strong competitor and in the urban centers, increasing traffic congestion probably has a discouraging effect upon persons who otherwise might be induced to purchase their first car. We are forced to conclude therefore that the prospective demand emanating from new and multiple-car buyers during the first half of the year will be restricted and the prospects for the entire year less favorable than in the case of replacements and exports.

Taking all of these factors into consideration, we find the automobile industry entering the current year burdened with the necessity of correcting the mistakes of 1929. Dealers in this country and abroad are overstocked both with new and used cars, and until the dealer can convert his stock into capital, the correction of the evils and faults of the present day trade-in practices, a dire necessity for the conservation of distributing organizations, cannot be expected to make much headway. The prompt cooperation of the manufacturer in reducing dealers' quotas of new cars should be forthcomcoming and the general readjustment of the entire system of distribution is a policy which commands serious consideration as a tonic for the whole industry. The situation, as it now stands, is an obvious indication of reduced production.

Increased Prices Coincident with the New York Automobile Show, a number of manufacturers announced an advance in prices and while these increases in most cases were moderate, it is probable that they have a psychological effect in developing some sales resistance. The trend toward higher prices, however, is not likely to be sustained for any considerable period of time for the past growth of the industry has been predicated upon its ability to consistently lower prices. Any marked recession in general business will lead finance companies to closely scrutinize prospective credit risks and the possibility of more stringent terms on installment purchases must be taken into account in the light of the sales resistance which would be the unavoidable result.

This panorama of conditions in the automobile industry offers an abundance of evidence that considerably fewer automobiles will be produced and sold in 1930 than in 1929. More than half and probably two-thirds of the business will be done by the two largest companies, Ford and General Motors, and competition among the other manufacturers will be so strenuous as to strongly suggest the possibility that some of the weaker units will be eliminated. In the long run, the industry would benefit by the concentration of activities in a fewer number but financially impregnable companies. Allowing for the usual elasticity which enters into any estimate projected into a future charged with the possibility of unforeseen developments, the indicated production of passenger cars and trucks is roundly 4,500,000 units. Unless the general business recession assumes greater proportions than now seems likely, normal demand from the three principal sources should comfortably absorb this output. The decline in production will be more pronounced in the first six months but with the approach of the last half activity should increase and as the year draws to a close it should find the automobile industry in a much healthier condition.

Outlook When these conclusions are linked to the industrial outlook as a whole, it is found that one of the most important customers of a large number of other basic industries is going to require less raw material and finished goods for at least six months. The number of employees given gainful occupations by the automobile industry will also be less. The extent to which profits of these industries will be adversely affected will correspond roughly with extent to which they are dependent upon the automobile industry. The tire and accessory companies will be hardest hit but a number of the other industries supplying the requirements of automobile manufacturers, also cater to the needs of the building industry. Will the improved outlook for the building industry this year be able to offset the effects of declining automobile production and balance the economic scales? This question will be discussed in Part Two of this series.

For Help in Solving Your Life Insurance Problems Consult Our Insurance Department.

Making the World Our Home Market

(Continued from page 605)

continent in the world only started in modernization, with Africa and South America and Australia only at the beginning of commercial growth and with room for hundreds of millions of people, the possibilities of expansion of exports are limited only by our capacity to import goods and export capital.

An accompanying table, giving our exports to selected countries for the first nine months of 1929 and the same period of 1922, 1927 and 1928, strikingly reveals how trade expands with the older countries and also with the new. A moment's reflection inspires the rosiest hopes of the future if one considers what will come about when the industrially newer countries import from us as much per capita as the older ones.

We must found and finance the structures of commercialism that are required to implement the spreading of our trade, if we need—and we do—immediate quickening of foreign trade. Moreover, if we can not absorb imports as fast as we need to push out exports, we shall have to be content to export capital permanently. When we invest or loan abroad, most of the capital goes directly or indirectly as substantial goods; not as cash, whatever be the nature of the documents and the records of the ledgers. Such exports do not require immediate settlement through increased imports—only interest and dividends swell imports. Individual loans may be taken up from time to time, but the total of the principal invested abroad will go on increasing indefinitely. To export capital sagely is to increase our exports of tangibles. So true is this that it has even been urged that we are making a mistake in the present "let-up" to undertake, as we are doing at the instance of President Hoover, to prod domestic industry into quickly renewed activity. Industrial loans abroad, it is urged, being practically the equivalent of exports, would be the most quickly responsive and permanently judicious way of occupying the surplus capital, which is obviously reluctant to occupy itself at home for the time being.

To do its part in keeping America moving swiftly, by means of waking up the backward parts of the world and quickening the commercial life of the modern countries, the surplus capital of this country must be used as fundamentally and as presciently as the automobile industry is now working. It must not be reluctant to undertake such prosaic things as sewers and canals, harbors and street improvements, water works and general sanitation. When Gorgas drove the malarial and yellow fever mosquito out of Panama, Peru, Cuba and Ecuador he was really driving American trade in. To increase popular wants and elevate living standards is more than distributing a lot of the trinkets of civilization. It means material and social reconstruction.

Looked at in this way the job of increasing exports becomes even more than good and imperiously necessary business, more than continued prosperity at the velocity our business natures demand. It becomes cloaked in the romance of adventure and high achievement for their sake. It becomes a national project of noble and enduring enterprise—it is the empire of the warless age we seem to be and hope we are entering. According to some historians, all wars have come from trade motives. With war outlawed and abolished, trade will fight its own battles with its own pacific weapons. The glory of nations will be in expanding international commerce instead of in the blood of battle. The realm and potentialities of trade will be greater and its will freer than ever before. Equipped for supremacy if war were still to be an instrumentality of national policy, the United States is equally well prepared for the maintenance and extension of the place it has already attained of leadership in international trade.

(See page 666)

Building and Loan Associations

We will be glad to answer questions regarding Building and Loan Associations, provided that the information available on the association under consideration is sufficiently complete to warrant an opinion. Address, Building & Loan Ass'n Department, c/o The Magazine of Wall Street, 42 Broadway, New York City.

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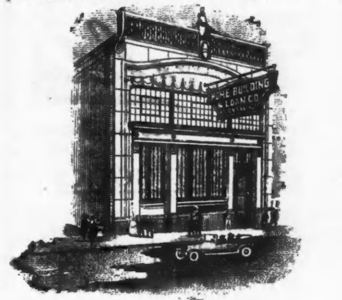

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W. L. Foy, Sec.-Treas. Florence, Ala.

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Financial Notices

Dividends and Interest

Childs

The Nation's Host - From Coast to Coast

DIVIDEND NOTICE

The Board of Directors of Childs Company has declared the following cash dividends, payable March 10, 1930, to stockholders of record at the close of business, 3 P.M., February 21, 1930.

On the preferred stock, a quarterly dividend of 1¾%.

On the no par value common stock, a dividend of 60c. per share.

The stock transfer books will remain open.

L. E. BUSWELL, *Secretary*
200 Fifth Avenue
New York

ARMOUR AND COMPANY

The Board of Directors of Armour and Company met on Jan. 24th, and declared the following dividends:

ARMOUR AND COMPANY (ILLINOIS)

A quarterly dividend (1¾%) on the preferred stock, payable Apr. 1, 1930, to stockholders of record March 10, 1930.

ARMOUR AND COMPANY OF DELAWARE

A quarterly dividend (1¾%) on the preferred stock, payable Apr. 1, 1930, to stockholders of record March 10, 1930.

E. L. LALUMIER
Secretary

Dividends and Interest

AMERICAN RADIATOR & STANDARD SANITARY CORPORATION

PREFERRED DIVIDEND
COMMON DIVIDEND

A dividend of $1.75 per share on the Preferred Stock, being the fourth quarterly dividend, has been declared payable March 1, 1930, to stockholders of record at close of business February 15, 1930.

A dividend of $.375 per share on the Common Stock, being the fourth quarterly dividend, has been declared payable March 31, 1930, to stockholders of record at close of business March 11, 1930.

Transfer books will not be closed.

ROLLAND J. HAMILTON
Secretary and Treasurer

CRANE CO.

Dividend Notice

At a meeting of the Board of Directors January 21st a quarterly dividend of one and three-quarters per cent (1¾%) on the Preferred Stock and one and three-quarters per cent (1¾%) on the Common Stock was declared, payable March 15, 1930 to Stockholders of record March 1, 1930.

H. P. BISHOP, Secretary.
January 21, 1930.

WILSON & CO., INC.

Preferred Stock Dividend

The Board of Directors of Wilson & Co., Inc., a Delaware corporation, has declared a dividend of one and three quarters per cent (1¾%), per share on its Preferred Stock, payable April 1, 1930, to holders of record at the close of business, March 10, 1930, to apply against accumulated dividends.

Checks will be mailed.

Dated, Chicago, January 30, 1930.

GEORGE D. HOPKINS,
Secretary.

INTERNATIONAL AGRICULTURAL CORPORATION

New York, January 28, 1930.

The Board of Directors has this day declared a regular quarterly dividend of one and three-quarters per cent (1¾%) on the Prior Preference Stock of the Corporation, payable March 1st, 1930, to stockholders of record at the close of business February 15th, 1930. Books will not close.

CHARLES J. COTTEE,
Treasurer.

Annual Meetings

INDEPENDENT OIL AND GAS COMPANY

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of Independent Oil and Gas Company, a corporation organized under the laws of the State of Delaware, will be held in the offices of the Company on the Twelfth Floor of the Philtower Building, Tulsa, Oklahoma, on Monday, March 10th, 1930, at 2:00 o'clock P. M., for the purpose of considering and transacting the following business:

(1) To elect Directors for the ensuing year.
(2) To ratify, confirm and approve each and every action taken by the Directors and Officers of the Company during the preceding year.
(3) To transact any and all other business of any and every kind that may arise or come before the said meeting or any adjournment thereof.

For the purpose of voting at this meeting a record of stockholders will be taken at the close of business February 10th, 1930.

BY ORDER OF THE BOARD OF DIRECTORS,
JOHN E. CURRAN, *Secretary*.
Tulsa, Oklahoma, January 11th, 1930.

Dividends and Interest

GEORGE A. FULLER COMPANY

57th ST. AND MADISON AVE.
New York City

At a meeting held today, the Directors of this company declared the regular quarterly dividend of one dollar and fifty cents ($1.50) and a participating dividend, in accordance with the provisions of the Certificate of Amendment of the Certificate of Incorporation of the Company, as amended, based upon the fiscal year ended December 31st, 1929, of One dollar and ninety-four cents ($1.94) per share, on each share of its Cumulative and Participating Prior Preferred stock, issued and outstanding, which dividends are payable on April 1st, 1930, to stockholders of record at the close of business on March 10th, 1930; and also declared the regular quarterly dividend of one dollar and fifty cents ($1.50) and a participating dividend, in accordance with the provisions of the Certificate of Amendment of the Certificate of Incorporation of the Company, as amended, based upon the fiscal year ended December 31st, 1929, one dollar and forty cents ($1.40) on each share of its Cumulative and Participating Second Preference stock, issued and outstanding, which dividends are payable on April 1st, 1930, to stockholders of record at the close of business on March 10th, 1930.

Dated, New York, January 29th, 1930.

B. M. FELLOWS, Treasurer.

CHILE COPPER COMPANY.

The Directors have this day declared a distribution of 87½ cents per share on the capital stock of the Company, payable March 31, 1930, to stockholders of record at the close of business on March 5, 1930.

C. W. WELCH, Secretary.
New York, January 28, 1930.

KEEP POSTED

65,000 INVESTORS

Use the Investors' Syndicate plan because it enables them to build up large sums of money for themselves by a simple, certain and convenient program of small regular payments, multiplied by first mortgage interest compounded. Write for payment schedules, asking for 682.

ELECTRIC AUTO-LITE

is discussed in the current semi-monthly Investment Review of Paine, Webber & Co. Send today for complimentary copy 683.

INDUSTRIAL BANKING—ITS CONTRIBUTION TO MODERN BUSINESS

Every investor should read this important analysis of a branch of the banking industry in which safe and profitable investments are made. Send for booklet 684.

A BALANCED INVESTMENT LIST

Only at comparatively rare intervals do investors face so favorable an investment situation as exists today. Bonds and preferred stocks are still low in price and afford an excellent return, although an upward movement is already in evidence. Send for this 4-page folder which will furnish you with a wide range of securities. (687).

THE LEFCOURT NATIONAL SECURITIES CORPORATION

The service which this investment house with its affiliation with the Bank can render you is explained in a new concise booklet just off the press. Send for your copy. (688).

MONSANTO CHEMICAL WORKS

A. G. Becker & Co. have just issued an attractively-prepared 24-page booklet containing a brief history and description of the business of this rapidly growing chemical industry. Send for 689.

(*See page 666*)

Financial Notices

Dividends and Interest

The North American Company

QUARTERLY DIVIDENDS

No. 104 on Common Stock of 2½% in Common Stock (at the rate of 1/40th of one share for each share held); and

No. 35 on Preferred Stock of 1½% in cash (at the rate of 75 cents per share)

Will be paid on April 1, 1930 to respective stockholders of record at the close of business on March 5, 1930.

Robert Sealy, Treasurer

INTERNATIONAL RAILWAYS OF CENTRAL AMERICA

The Directors of the International Railways of Central America have declared a quarterly dividend of one and one-quarter of one per cent (1¼%) on the Preferred Stock of that Company, payable February 15, 1930, to Preferred Stockholders of record at the close of business on January 31, 1930.

FRANK I. TENNYSON, *Treasurer*
11 Broadway, New York, N. Y.

PETROLEUM ROYALTIES COMPANY

Suite 402-406, Atlas Life Building, Tulsa, Oklahoma

The 49th consecutive regular monthly dividend of 1 per cent and the 43rd extra dividend of ½ of 1 per cent will be paid March 1, 1930, on the par to Preferred shares of record on February 25, 1930, making 73½% in dividends paid to Preferred shareholders since February, 1926.

F. H. GREER, Treasurer.

Write for our interesting free booklet, "Questions & Answers."

Borden's

COMMON DIVIDEND No. 80

A quarterly dividend of seventy-five cents (75¢) per share has been declared on the outstanding common stock of this Company, payable March 1, 1930, to stockholders of record at the close of business February 15, 1930. Checks will be mailed.

The Borden Company
WM. P. MARSH, *Treasurer.*

Annual Reports | **Annual Reports**

Devoe & Raynolds Co., Inc.
And Subsidiaries

Annual Report for Year Ending November 30, 1929

TO THE STOCKHOLDERS: January 25, 1930.

The 175th Annual Report of Devoe & Raynolds Company, Inc., and its Subsidiaries for the Fiscal Year ended November 30th, 1929, duly audited by Messrs. Peat, Marwick, Mitchell & Company, will be found on the adjoining pages, together with a short resume of the different administrations which have contributed to our business history.

The sales for the year amounted to $16,178,861.57, an increase of $1,077,561.72 over 1928 and the highest sales volume obtained in the history of the company.

The Net Profits, after deducting Federal and State Income Taxes, Depreciation, interest and all other deductible items, amounted to $1,085,615.53, an increase of $6,042.43 over the preceding year.

After Preferred Stock dividends, these earnings are equivalent to $6.02 per share on the 150,000 shares of Common Stock outstanding for the first six months of our Fiscal Year. On the average number of shares outstanding for the year, namely, 175,000 shares, this is equivalent to $5.16 per share and on the 200,000 shares outstanding as of November 30, 1929, the earnings amounted to $4.52.

The company paid out in dividends on the Preferred and Common Stock during the twelve months ended November 30, 1929, $707,119.00, leaving $378,496.53 which has been carried to surplus, giving the company a total Surplus amounting to $3,201,423.85.

The Consolidated Balance Sheet as of November 30, 1929, shows total Assets of $14,162,858.04 of which $9,048,713.51 have been classified as current against a total indebtedness of $1,124,734.19 which includes provision for Federal Income Tax.

On June 15, 1929, the company issued 50,000 shares of additional Class "A" Common Stock at a price of $41. per share and the proceeds from this issue were used in liquidating two million dollars in bank loans, which the company had incurred during the partial financing of the purchase of Peaslee-Gaulbert Paint & Varnish Company of Louisville, Kentucky, in May, 1928.

The inventory amounting to $4,505,652.91 has been priced on the basis of cost or market, whichever proved to be the lower, and in addition the Management desires to state that certain inventory deflations have been experienced during the past year, due to the complete co-ordination of the cost systems of our new subsidiary corporation and the parent company.

The selling prices of our major commodities were substantially lower during the greater portion of 1929 than in the preceding year, causing a reduction in our gross profit, which was to a certain extent offset by decreases in operating expenses and increased sales volume.

During the past year your Officials and Directors have been particularly pleased with the spirit of loyalty and cooperation shown by the entire personnel, and feel that the esprit de corps that now exists in the company will play a large part in obtaining satisfactory increases in sales and profits in 1930.

Respectfully submitted, E. S. PHILLIPS, President.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Year ended November 30 1929	1928
Profit on Operations	$1,400,349.70	$1,358,200.36
Interest and Discount Received and Miscellaneous Profits	179,860.78	161,458.91
	1,580,210.48	1,519,659.27
Discounts Allowed, Miscellaneous Expenses and Adjustments	370,273.29	298,198.89
	1,209,937.19	1,221,460.38
Provision for Federal Income Tax	124,321.66	141,887.28
Net Income	$1,085,615.53	$1,079,573.10

CONSOLIDATED SURPLUS ACCOUNT
For the Year ended November 30, 1929

Earned Surplus as at November 30, 1928			$2,979,269.74
Net Income for Year ended November 30, 1929			1,085,615.53
			4,064,885.27
Deduct:			
Dividends Paid:			
First Preferred Stock	$116,634.00		
Second Preferred Stock	65,485.00		
Common Stock	525,000.00		
		707,119.00	
Premium on Retirement of Preferred Stock through Sinking Fund, less Sinking Fund Income		11,776.08	
Expenses incidental to Issuance of Additional Common Stock—Class "A"		76,154.86	
Charges and Adjustments applicable to Prior Years (Net)		68,411.48	863,461.42
Earned Surplus as at November 30, 1929			$3,201,423.85

CONSOLIDATED BALANCE SHEET

ASSETS

Real Estate, Buildings, Equipment, Machinery, etc., less Depreciation		$4,497,706.09
Investments (Book Value)		129,217.66
Cash on Deposit with Sinking Fund Trustee		30.53
Current Assets:		
Cash	$502,970.89	
Notes Receivable—Customers	342,047.03	
Accounts Receivable—		
Customers less Reserves	3,627,013.51	
Miscellaneous Accounts Receivable	71,029.17	
Inventories	4,505,652.91	9,048,713.51
Prepaid Insurance, Advertising Stock, etc.		300,010.79
Charges Deferred to Future Operations		187,179.46
		$14,162,858.04

LIABILITIES

Capital Stock:		
First Preferred 7% Cumulative, Par $100.00		$1,606,200.00
Second Preferred 7% Cumulative, Par $100.00		935,500.00
Common:		
Class "A"—160,000 Shares, No Par Value		5,961,666.67
Class "B"—40,000 Shares, No Par Value		1,333,333.33
		$9,836,700.00
Current Liabilities:		
Notes Payable—Banks	$300,000.00	
Accounts Payable and Accrued Expenses	677,854.06	
Accrued Taxes	146,880.13	1,124,734.19
Earned Surplus		3,201,423.85
		$14,162,858.04

Contingent Liabilities—None.

KEEP POSTED

The books, booklets, circulars and special letters listed below have been prepared with the utmost care by business houses of the highest standard. They will be sent free upon request, direct from the issuing houses.

PLEASE ASK FOR THEM IN NUMERICAL ORDER

We urge our readers to take full advantage of this service. Address, Keep Posted Department, Magazine of Wall Street, 42 Broadway, New York City.

STANDARD OIL ISSUES

We have available for distribution descriptive circular on all the Standard Oil issues. (219).

THE PARTIAL PAYMENT

method of purchasing good securities in odd lots and full lots on convenient terms is explained in a free booklet issued by an old established New York Stock Exchange House. (224).

ODD LOTS

A well known New York Stock Exchange firm has ready for free distribution a booklet which explains the many advantages that trading in odd lots offers to both small and large investors. (225).

A SUGGESTION TO INVESTORS

This booklet explains in detail the features of Odd-lot investing. If interested, the prominent New York Stock Exchange firm issuing this booklet will be pleased to send you a complimentary copy. (278).

THE BACHE REVIEW

By reading this timely booklet but ten minutes a week you will be able to judge the market more accurately. Sent for three months without charge. (290).

FOR INCOME BUILDERS

This booklet describes a practical Partial Payment Plan, whereby sound securities may be purchased through monthly payments of as little as $10. Shows how a permanent, independent income may be built through the systematic investing of small sums set aside from current earnings. (318).

MAKING PROFITS IN SECURITIES

Are you profiting by the major and also the minor swings of the market? If not, you will be interested in the above booklet issued by a leading financial service in New York City. (377).

CONSISTENT INVESTMENT SUCCESS

The sound investment principles followed by the Brookmire Service and the adaptability of these principles to the requirements of every investor, large or small, is described briefly in this interesting booklet. (413).

A 7% YIELD FROM FIRST MORTGAGES

on individual homes that do not exceed 50% of valuation is fully explained in a very attractive booklet—also how one may double his investment with absolute safety of principal in 10 years, 28 days. (415).

INVESTORS' GUIDE

This booklet will lead you to complete investment satisfaction and service wherever you live. Write today for your free copy issued by one of the oldest first mortgage real estate houses. (438).

OUR BUSINESS

The small loan field as a profitable investment is fully described in a booklet issued by the National Cash Credit Association and entitled "Our Business." A copy will be forwarded without charge upon request. (449).

7% INSTALLMENT SAVING CERTIFICATES

of a Colorado building and loan association operating under strict state supervision—their investment features and why—are explained in an interesting folder. (467).

SECURITY SALESMANSHIP—THE PROFESSION

An interesting discussion of this specialized field, together with information about the Course of Training being adopted by scores of leading investment firms for their men. Send for your copy. (470).

HOW TO INVEST MONEY

is the title of a new booklet published by S. W. Straus & Co. It describes various types of securities and is a valuable guide to every investor. A copy will be sent free on request. (489).

WEEKLY MARKET LETTER

of a prominent member of the New York Stock Exchange will be forwarded without obligation. It will give you a resumé of the stock market each week together with investment and speculative suggestions. (491).

"WHAT IS THE CLASS A STOCK?"

An analysis of the Class A Stock of the Associated Gas & Electric Company, including charts, figures and descriptive information indicating the progress of the properties back of Associated securities. (492).

MARKET ACTION

is the title of a bulletin issued every week by a large financial service house, which will keep you advised of the opportunities offered with every turn of the market. Send for your complimentary copy today. (493).

"CORPORATION EARNINGS"

Many factors influence short market swings, but for the long pull investor nothing is more important than corporation reports showing earnings on common stocks and the comparison with previous year indicating earning TRENDS. Ask for a free sample of "CORPORATION EARNINGS." (496).

TOBEY & KIRK MARKET LETTER

contains each week in addition to a resumé of the market some sound suggestions in specific investments. Send for your free copy. (498).

THE SAVINGS JOURNAL

published by the Greater Louisville Savings & Building, contains some salient points regarding B. & L. investments. If interested in B. & L. securities, you should send for your free copy. (503).

STOCK MARKET PROFITS—MAKING MONEY WITH MONEY

An interesting booklet, describing thoroughly tested and successful methods employed in profitable stock market trading. Also a unique "One Outstanding Stock" method for the investor with limited funds. (504).

BONDS AND HOW TO BUY THEM

"Bonds and Stocks," "Classes of Bonds," "Factors of Bond Values," "How Bonds Differ and How to Select Them." These and other subjects of interest to the prospective purchaser of bonds are discussed in our booklet, "Bonds and How to Buy Them." Copy on request. (509).

TO OFFICERS OF CLOSE CORPORATIONS

A large trust company offers officers of close corporations a plan giving immediate and definite assurance that new interests will not buy into the business nor heirs suffer a financial loss on account of the death of a stockholder. Ask for booklet 510.

FREE FOLDER

explains the advantages of guaranteed income Time Certificates issued by progressive building and loan association. Affords highest type of safety and definite 6½% earnings for five-year term. Issued for $100 to $10,000—bond form with quarterly or semi-annual interest coupons. Non-fluctuating—transferable—renewable and tax exempt. (526).

A THIRD OF A CENTURY OF SOUND INVESTMENTS

This 16-page booklet should be sent for today. Issued by Clarence Hodson & Co., Inc., it outlines the growth of the House of Hodson and points out that the company has established, organized or financed 44 national banks, 6 state banks, 7 trust companies, 1 investment company and 4 insurance companies. Send for your free copy. (568).

MOTORIZING THE WORLD

Investors, bankers and business men interested in foreign trade will find information of value in this interesting booklet issued by General Motors Corporation. Send for 575.

THE SEAL THAT CERTIFIES SAFETY

Issued by General Surety Company, gives important information regarding your investments and the part the seal of this company plays in guaranteeing payment of principal and interest when due. Send for 620.

KEY TO ATLANTA

See what Atlanta can mean to your business. Send for this free booklet containing facts about Atlanta as a location for your Southern branch. (640).

THE FRENCH PLAN

Mr. Fred F. French, one of the country's foremost real estate authorities, has explained the operation of the French Plan in the above-mentioned 72-page book. Send for your free copy. (643).

TRI-UTILITIES CORPORATION

More than $290,000,000 of public utility properties operating in 23 states and providing the necessities of power, gas and water to a population estimated in excess of 4,260,000 distinguish the Tri-Utilities Corporation system as an exceptionally interesting field for safe and profitable investment. Send for booklet 649 describing the various investments issued by this corporation.

THE FUTURE OF COMMON STOCKS

What is the future for common stocks? The position of many of the most prominent at the present time should be given careful thought by intelligent investors at this time. Send for this booklet, which will give you a clear picture of just what to expect. Ask for 650.

THIRD QUARTERLY EARNINGS STATEMENT

of the Utilities Power & Light Corporation, serving electric light and power in 19 states and Canada, and electricity to a wide area in Great Britain, shows a net income after all deductions more than double that of the previous year. Send for a free copy. (651).

BYLLESBY NEWS BULLETIN

Issued weekly. Contains articles of interest regarding the properties controlled by H. M. Byllesby. Should be read regularly by every investor holding public utility securities. Send for a complimentary copy. (654).

COMMON STOCK SUGGESTIONS NUMBER TWO

Mackay & Co. have prepared a list of common stocks of leading representative corporations which, in the firm's opinion, are now selling on an attractive investment basis. Sent free on request. (655).

GOODBODY'S MONTHLY MARKET LETTER

contains a carefully selected list of good bonds and preferred stocks which are still attractive as to their yields in spite of the ease in money rates. Send today for a copy. Simply address 660.

To the Stockholders of

REPUBLIC IRON AND STEEL COMPANY
CENTRAL ALLOY STEEL CORPORATION
DONNER STEEL COMPANY, INC.
THE BOURNE-FULLER COMPANY

The undersigned Committee, acting in conjunction with the Boards of Directors of the respective constituent companies named above, has formulated the following Plan and unanimously recommends its adoption by the stockholders of the constituent companies.

It is proposed that the assets of the above companies shall be combined in a single corporation to be organized probably under the name of Republic Steel Corporation.

Upon consummation of the Plan, stockholders of the respective constituent companies assenting to the Plan will be entitled to receive stock of the new Company, or stock of the new Company and cash, as follows:

For Each Share of Common Stock of:	*Common Stock of the New Company*
Republic Iron and Steel Company	**one share**
Central Alloy Steel Corporation	**4/9ths of one share**
Donner Steel Company, Inc.	**5/12ths of one share**
The Bourne-Fuller Company	**10/13ths of one share**

Note: Stockholders of The Bourne-Fuller Company have the right to receive Preferred Stock of the new Company in lieu of a certain percentage of their Common Stock holdings.

For Each Share of:	*Preferred Stock of the New Company*	*Cash*
7% Cumulative Preferred Stock of Republic Iron and Steel Company	**One and 1/10th shares and**	**$10.00**
7% Cumulative Preferred Stock of Central Alloy Steel Corporation	**One and 15/100ths shares and**	**$ 1.75**
6% Cumulative First Preferred Stock of Donner Steel Company, Inc.	**One and 1/10th shares and**	**$ 1.00**
$6 Convertible Preferred Stock of Donner Steel Company, Inc.	**One and 1/10th shares and**	**$ 1.00**

Holders of Stock (Preferred and Common) of the constituent companies may assent to the Plan by depositing their stock certificates with an appropriate Depositary or Sub-Depositary, whose names are given below, together with the proper form of Assent, Proxy, and Power of Attorney, duly executed. Such assent must be made on or before February 17, 1930, or within such other period as may be fixed from time to time by the Committee. Holders of Common and/or Preferred Stock who shall so assent to the Plan thereby become obligated to accept, upon consummation of the Plan, stock of the new Company, or cash and stock of the new Company, on the basis stated above, in exchange for stocks of constituent companies deposited under the Plan.

Copies of the Plan, together with form of Assent, Proxy and Power of Attorney, have been mailed to all stockholders of record. Additional copies may be obtained from any of the Depositaries or Sub-Depositaries or from the Secretary of the Committee.

DEPOSITARIES, SUB-DEPOSITARIES and REGISTRARS

For preferred and common stock of REPUBLIC IRON AND STEEL COMPANY:

Depositaries: Guaranty Trust Company of New York, New York City
Registrar: The Equitable Trust Company of New York, New York City
The Cleveland Trust Company, Cleveland, Ohio
Registrar: Central United National Bank, Cleveland, Ohio

Sub-Depositaries: Continental Illinois Bank & Trust Company, Chicago, Ill.
The Dollar Savings & Trust Company, Youngstown, Ohio

For preferred and common stock of CENTRAL ALLOY STEEL CORPORATION:

Depositary: Bankers Trust Company, New York City
Registrar: The National City Bank of New York, New York City
The Cleveland Trust Company, Cleveland, Ohio
Registrar: The Guardian Trust Company, Cleveland, Ohio

Sub-Depositary: First Union Trust & Savings Bank, Chicago, Ill.

For preferred stocks and common stock of DONNER STEEL COMPANY, INC.:

Depositaries: The Union Trust Company, Cleveland, Ohio

Sub-Depositary: The Union Trust Company of Pittsburgh, Pittsburgh, Pa.

For common stock of THE BOURNE-FULLER COMPANY

Depositary: The Guardian Trust Company, Cleveland, Ohio

COMMITTEE

F. J. GRIFFITHS, Central Alloy Steel Corporation, Chairman
JOHN A. TOPPING, Republic Iron and Steel Company
E. T. McCLEARY, Republic Iron and Steel Company
PHILIP WICK, WM. G. MATHER — Republic Iron and Steel Company and Central Alloy Steel Corporation
F. H. HOBSON, Central Alloy Steel Corporation
PAUL LLEWELLYN, Central Alloy Steel Corporation
R. S. HALL, The Bourne-Fuller Company
L. H. ELLIOTT, The Bourne-Fuller Company
M. L. HOPKINS, The Bourne-Fuller Company
W. R. BURWELL, Donner Steel Company, Inc.
W. P. WITHEROW, Donner Steel Company, Inc.

RICHARD JONES, JR., Secretary
1882 Union Trust Building, Cleveland, Ohio

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